Agriculture and Agri-Food Canada | Agriculture et Agroalimentaire Canada

Canada

THE AGRI-FOOD MARKET IN THE CZECH REPUBLIC, HUNGARY, THE SLOVAK REPUBLIC AND SLOVENIA

SEPTEMBRE 2000

(Également disponible en français sous le titre, Le marché agroalimentaire en République tchèque, en République slovaque, en Hongrie et en Slovénie)

Prepared by the
Market Research Centre
and the
Canadian Trade Commissioner Service

© Department of Foreign Affairs and International Trade
(FaxLink no. 34132)

The Market Research Centre produces a wide range of market reports by region and sector for Canadian exporters. For further information please contact:

Market Support Division (TCM)
Department of Foreign Affairs
and International Trade
E-mail: mrc@dfait-maeci.gc.ca

FaxLink Domestic service (613-944-4500);
DFAIT Internet site (http://www.dfait-maeci.gc.ca)

Trade Evaluation and Analysis Division (TEAD)
Agriculture and Agri-Food Canada
Contact: Jim Lowe
Telephone: (613) 759-7652
Fax: (613) 759-7505
E-mail: lowej@em.agr.ca

ATS : (http://ats.agr.ca)

The Government of Canada has prepared this report based on primary and secondary sources of information. Readers should take note that the Government of Canada does not guarantee the accuracy of any of the information contained in this report, nor does it necessarily endorse the organizations listed herein. Readers should independently verify the accuracy and reliability of the information. This report is intended as a concise overview of the market for those interested in its potential and is not intended to provide in-depth analysis which may be required by the individual exporter.

THE AGRI-FOOD MARKET IN THE CZECH REPUBLIC, HUNGARY, THE SLOVAK REPUBLIC AND SLOVENIA

Team Canada · Équipe Canada

EXECUTIVE SUMMARY

The central and eastern European countries (CEECs) of the Czech Republic, Hungary, the Slovak Republic, and Slovenia represent interesting markets with good opportunities for Canadian exporters of certain agricultural or agri-food products. However, with the prospect of membership in the European Union (EU) on the horizon for each of these countries, Canada and other non-EU states will soon find themselves facing market access regulations on par with those now in place across the European Union.

The combined populations of the four countries discussed in this report totals 27.5 million people. Although Western foods were introduced in quantity up to ten years ago, much of the population is only beginning to earn incomes that allow them to afford higher-priced imports, including alcoholic beverages, meat, and pet food.

Competition within the alcohol sector in each of the four countries is fierce, and is especially restrictive due to the combination of the large beer industry in the Czech Republic and its customs union with the Slovak Republic. The Czech brewing industry is clearly the dominant player in the region's beer market. However, good opportunities exist for Canadian manufacturers of wine, whisky, and other spirits in these two republics. Opportunities in Hungary and Slovenia are more limited, due to strengthening domestic industries, self-sufficiency, and declining growth rates of consumption.

Canadian suppliers of bovine, porcine, and avian genetics have experienced success in the Czech and Hungarian markets through the use of traditional exporting methods or the formation of joint ventures with domestic producers. Joint ventures have provided a stable base to build future exports.

Canadian manufacturers of dog and cat food also have secured strong, growing shares of the markets in the Czech and Slovak republics, accounting for 15% and 10% of the import markets, respectively. Building on the base of providing high quality pet food, Canadian dog and cat food manufacturers are proceeding to form joint ventures in eastern Europe that will extend distribution channels throughout the region.

TABLE OF CONTENTS

EXECUTIVE SUMMARY

MARKET OVERVIEW

- Key Factors Shaping Market Growth Opportunities
  - Actual and Planned Projects

COMPETITIVE ENVIRONMENT

101-03038/

Local Capabilities
International Competition
Canadian Position
Competitive Advantage Through Canadian Government Policies and Initiatives

PRIVATE-SECTOR CUSTOMERS

PUBLIC-SECTOR CUSTOMERS

Government Procurement Regulations

MARKET LOGISTICS

Channels of Distribution
Direct Sales
Distributors and Wholesalers
Agents and Sales Representatives
Market-entry Considerations
Suggested Business Practices
Import Regulations
Local Standards, Certificates or Registrations
Export Credit Risks, Restrictions on Letters of Credit, Currency Controls

PROMOTIONAL EVENTS

KEY CONTACTS AND SUPPORT SERVICES

BIBLIOGRAPHY

OTHER REFERENCE MATERIAL

Useful Internet Sites

APPENDIX A: CURRENCY CONVERSION CHARTS

THE AGRI-FOOD MARKET IN THE CZECH REPUBLIC, HUNGARY, THE SLOVAK REPUBLIC AND SLOVENIA

Team Canada • Équipe Canada

MARKET OVERVIEW (1)

The Czech Republic, Hungary, the Slovak Republic, and Slovenia are all members of the nine-country Central European Free Trade Agreement (CEFTA), which came into existence in March 1993. As none of the CEFTA countries held EU membership at the time of the agreement's founding, it proved very beneficial to these economies to engage in the free trade of goods. The liberalization of trade in agricultural products came into effect April 1, 1998. However, recent years have brought forth EU membership applications from each of the countries discussed in this report as well as other CEFTA countries. While none of the countries will be accepted for EU membership before January 1, 2003,

trade between and within CEFTA , the European Union, and countries outside of these alliances has already been affected.

As EU applicant countries continue the course toward aspired EU membership, they must begin to implement and adhere to EU standards of trade and investment, including adherence to the harmonized import regulations of the EU. The focus of EU applicants toward adherence to EU standards and forming new trade partnerships has caused a shift in levels of trade, as seen in increasing trade levels of Slovenia and the Czech Republic with EU countries and a decrease in trade with CEFTA partners. However, the importance of agriculture within the economies of each of the CEFTA countries is also declining, as less land is used for agricultural purposes and economies are expanding their more advanced industries.

Canada's agricultural and agri-food exports to the Czech Republic, Hungary, the Slovak Republic and Slovenia in 1999 totalled $19.5 million.(2) Of this total, exports to the Czech Republic were valued at $8.7 million, while exports to Hungary totalled $4.3 million, exports to the Slovak Republic reached $982 000, and exports to Slovenia were $5.5 million. While the value of goods exported to Slovenia in 1999 represented a 143% increase over the previous year's exports, and the highest total in four years, Canadian exports to the other three central European countries declined from the previous year's trade. Canadian agricultural exports to the Czech Republic have fallen for four consecutive years, while exports to Hungary and the Slovak Republic peaked in 1998, before declining in 1999 by 78% and 53%, respectively. Improved food and beverage production, intra-CEFTA trade, and developing trade between the EU and the four EU applicant countries might explain the changes in trade these four countries. Incidentally, however, Czech imports from EU countries in 1999 also were slightly lower than the previous year's totals, although imports from CEFTA countries increased slightly to 22.9% of all agri-food imports in 1999.

The populations of the Czech Republic and Hungary are numerically similar, with both countries enjoying populations of just over 10 million people, though Hungary is experiencing slightly negative population growth. Meanwhile, the Slovak Republic's population is nearly 5.5 million people, and Slovenia has over 2 million inhabitants living within its borders. All of the countries are experiencing growing demands from their populations which are typical in growing, developed economies: demands for high-value specialty products, convenience foods, and pet food, due to an increase in the number of people keeping domestic pets.

This report will discuss sectoral opportunities identified by trade officers at Canadian embassies representing the four countries. The topic list is neither extensive nor exclusive. Canadians considering exporting to these markets are encouraged to conduct research into their desired markets, beyond the information made available here.

Czech Republic

Alcohol

The alcohol market in the Czech Republic is broad, yet dominated by domestically-produced beer. The Czech beer market realized retail sales of $753.1 million in 1998, with volume sales of 8.13 million hectolitres.(3) Sales in 1999 dipped to 7.9 million hectolitres. Overall per capita alcohol consumption in the Czech Republic reached 9.8 litres (L) of pure alcohol in 1997. In so far as beer consumption is concerned, the country is the global leader in annual per capita consumption, averaging 160 L per person, whereas wine consumption reached 17 L per capita in 1999.

The large beer market is newly dominated by two international companies, both of which manufacture beer domestically, in the Czech Republic: South African Breweries and Interbrew (Belgium). Both companies also completed significant purchases in 2000 to gain a larger portion of the market. A number of domestic microbreweries also compete in the Czech beer market, however these are being squeezed out by the sector giants. Following a $925 million (Kc23 billion - Czech *korunas*) deal with Japan's Nomura investment bank, South African Breweries purchased and merged Plzensky Prazdroj, Radegast, and Pivovar Velke Popovice in June 2000, creating a combined market share of 44%. Most importantly

for South African Breweries, is the acquisition of the Pilsner Urquell brand, which is a major premium beer brand with strong international marketing potential.

In early June 2000, Interbrew, which also owns Labatt, acquired the brewing company Bass (United Kingdom), the owners of Prazske Pivovary (Prague Breweries), making Interbrew the second-largest brewer in the Czech Republic, with 13% of the market. Czech brewers Budejovicky Budvar, with a 7% market share, and Moravskoslezske pivovary, with 5.4%, round out the top 70% of the market.

Due to intense competition from the major breweries, the Czech Small Breweries Association successfully lobbied the Czech government for tax relief of up to 50% for micro breweries. However, tax relief only provides short-term protection. Faced with ongoing corporate strategies to boost profits, such as South African Breweries' goal of keeping production levels in line in order to cause an increase in beer prices, it is inevitable that several smaller breweries will be unable to compete, and will be forced out of the market. Microbreweries producing up to 200 000 hL per year manufacture roughly 20% of the 18 million hectolitres of beer produced annually in the Czech Republic.

Although most beer is packaged in glass (over 97% in 1998), consumers in the Czech Republic eagerly buy beer packaged in cans, as foreign beers were first introduced to the market in cans. Can packaging is associated with expensive brands of beer by Czechs -- the reverse of the trend in Canada and Western Europe, where bottled beer is traditionally more expensive.

The Czech Republic has requested protection for geographic classification of more than just wines and spirits from the World Trade Organization (WTO). The Czechs hope to protect the designation *pilsner*, which refers to the Czech town of Plzen, home of the Pilsner Urquell brewery. A ruling in favour of the Czechs would give them exclusive rights to the pilsner name, causing several German beer producers to forego usage of the term.

The wine market in the Czech Republic was valued at $276.6 million in 1998, with sales reaching 1.02 million hectolitres. Over 20 companies share 66% of the domestic wine market, while 20% of the market is supplied by small producers, and the remaining 14% is imported.

Inexpensive wine, particularly that imported in TetraPack boxes, accounts for approximately 11% of the Czech wine market. Increasing levels of imports and the subsequent pressure of retail chains on prices are causing domestic producers difficulties in competing. Overall, 62% of sales in 1998 were wines packaged in glass bottles, while 25% of sales were for wine packaged in boxes.

Approximately 800 000 hL of spirits were consumed in 1999, which was a decline of 5% from the previous year's total. Stock, a domestic company, controls about 30% of the spirits market, and believes consumers are looking to establish brand familiarity and loyalty. The company points to its 15% sales growth of Fernet Stock and Fernet Stock Citrus as evidence of brand awareness leading to increased sales.

Concerning consumption, an increasing number of Czech beer drinkers are preferring to purchase beer at a store for home consumption, rather than going out to a pub. Blue-collar and low-income workers, who used to frequent the pubs, are finding it more difficult to meet daily expenses. Those who can afford drinking out, such as businesspeople and people with higher education, are facing a heavy workload and are finding other pursuits for their leisure time, or prefer to have their beer at home. Meanwhile, the number of wine consumers making purchase decisions based upon quality, and not price, is increasing.

Meat

Poultry meat production in 1999 reached approximately 245 000 tonnes (t), which was 1.66% more than in the previous year. Meat consumption in the Czech Republic reached 82.2 kg per capita in 1999, according to the Czech Statistical Office. The popularity of poultry has been growing steadily (17.9 kg per capita in 1999), however red meat consumption has been falling (beef consumption measured 14.3 kg in 1998).

Production of pig meat in the Czech Republic, which declined 4.6% to 638 800 t in 1999, has decreased in recent years along with consumption, which was 649 100 t in 1999. Pork consumption reached 45.7 kg per capita last year, accounting for nearly 56% of annual total meat consumption in the Czech Republic.

The quality standards and productivity of pig meat in the Czech Republic are moving toward levels attained in the European Union, resulting in forecasts of strength and a competitive future for the market. However, the sector suffers from relatively poor waste management systems, which might lead to ecological problems, and could be an obstacle for the Czech pork industry to overcome. As pig production comprises nearly 20% of the country's total agricultural production, and 40% of its livestock output, the importance of the sector is obvious. In addition to the levels of domestic pork it produces, the pig industry consumes nearly half of the two million tonnes of annual feed grain sales in the Czech Republic.

The price of pork in the Czech Republic has risen recently, prompting domestic buyers to look to foreign suppliers for less expensive meats. Prices had averaged $1.38 (Kc32) per kilogram, but recently increased to $1.55 (Kc36)/kg. Producers plan to keep pushing up the price to $1.63 (Kc38)/kg, but the European Union average price is $1.55/kg. Despite the buyers' move toward foreign suppliers, the price of pork is still expected to rise, as it usually does during the summer season when supply declines.

Animal Genetics

The Czech Republic has over 6700 pig breeding and fattening units in operation; approximately 740 of these are specialized units with a minimum capacity of 1000 pigs. About 80% of the production of these specialized units is intended for commercial purposes.

The number of livestock in the Czech Republic declined in 1999, with cattle declining by 5.1% to 1 573 500 (614 800 cows), pigs down by 7.8% to 3 687 900 (296 800 sows), and sheep down by 2.3% to 84 100. Poultry numbers increased by 1.9% to 30 784 400, though the number of hens decreased by 1.4%. The Czech Republic does not want EU quotas to decrease the number of dairy cows, as current primary production is precisely sufficient for milk consumption in the country. Although milk consumption here is the lowest in Europe (207 L per capita), it is increasing.

Pulses

The Czech Republic is not a country that is high in consumption of lentils, such as peas, beans, and other legumes. Consumption of pulses totalled 2 kg per capita in 1999. The Czech Republic is self-sufficient only in the production of peas, which are subsequently also exported. However, local demands of beans and lentils are dependent upon imports. The total production of pulses was 135 500 tonnes in the marketing year 1998/99, of which 123 700 tonnes were peas.

Dog and Cat Food

It is estimated that there are about three million dogs and nearly one million cats in the Czech Republic. It is also estimated that a number of cats will continue to increase by about 20% per year, due to the growing popularity of cats amongst homeowners. The result will be an increasing demand for cat food.

Sales of industrially produced pet food began in the early 1990s and were well received. Cat food sales in the Czech Republic grew by 38% from 1994 to 1998, reaching $10.7 million (4.5 million kilograms) in 1998. Wet cat food sales outsold dry cat food by more than 2:1 in both volume and value terms, with sales of $7.6 million that year. Dog food sales were valued at $41.7 million (18.7 million kilograms) in 1998, which represented a five year growth of 55% in sales value, and a 78% growth in volume. Wet dog food sales comprised the majority of sales, with 11.2 million kilograms valued at $25.5 million. It is expected that the market for pet food will continue to develop significantly at least during the next five years, with expected yearly sales increases of 15% to 20%.

Currently, there are about 50 pet food suppliers on the Czech market that supply specialized ZOO pet

food shops, as well as supermarkets (carrying lower-priced products). Dry pet food represents about 60% of all pet food sold, and its share is expected to increase in the future. In 1997, 20% of dogs and cats were regularly fed by industrially produced pet food, and at that time it was expected that this level would be increased to 40-60% by the year 2000.

A survey of 3000 people conducted in late 1999 revealed that:

- 24% of the Czech population buys dog food;
- the most popular trade mark of dog food is Chappi followed by Pedigree, Darling, Astor, Bono, Friskies, Dog, Anka, and Cesar;
- 8.4% of the Czech population buys cat food;
- the most popular trade mark of cat food is Kit-e-Kat followed by Whiskas, Friskies, Darling, Omega, Katinka, Anka, Sheba, Petty.

Hungary

Alcohol

The beer industry in Hungary has experienced shrinking sales in recent years, declining from sales of 5.32 million hectolitres (valued at $866.2 million) to 4.6 million hectolitres ($573.6 million) in 1998. The main reason for the decline in sales was the large increase in the price of beer, which saw the percentage of tax in the price jump to around 70%. Per capita consumption of beer is around 70 L per year. Unlike wine and spirits, the high costs associated with brewing beer prevent high levels of trade outside official markets. In addition, consumers are becoming increasingly health conscious, leading to selections of other beverages in place of alcohol. As such, consumers are increasingly turning to soft drinks (including juices, carbonates, bottled water, and sport drinks), which receive more favourable levels of taxation, making them more affordable and more appealing to a large portion of the populace.

Glass is still the packaging of choice for beer drinkers in Hungary, accounting for 78% of all beer sales in 1998. While Hungarian manufacturers produced their best-selling products in cans following the introduction of canned packaging in 1989, consumers have not altered their preferences. Most domestic bottled beers sold are packaged in 500 millilitre (mL) bottles, while imported brands and cans are frequently sold in 330 mL size.

Retail sales of 3.09 million hectolitres of wine totalled $1165.5 million in 1998, which was a 7.0% drop from the previous year's sales. In fact, the value of wine sales have declined each year since 1994, when sales totalled $1799.5 million, although consumption has been relatively stable. This trend of stable consumption, but declining sales, may be due to increased amounts of wine being distilled outside official distilleries, yet sold on the retail market. Vineyards in Hungary produced 3.3 million hectolitres of wine in 1999, which was a 23% decline from the previous year's total. Wine production in 2000 is expected to total four million hectolitres.

Just 38% of wine sales were accounted for by sales of wine in glass bottles. The majority of wine sales in Hungary are still sold "loose," decanted into consumers' own bottles. Many local, small producers sell their wines in this manner, either from local shops and pubs, or even from their own houses.

Potatoes (Seed Potatoes)

Hungary has high levels of potato consumption among its populace. Next to cereals (wheat, barley, etc.), corn, and dairy products, it is potato that ranks as the most important raw material in the local kitchen. Annual per capita potato consumption typically average between 60 kg and 70 kg, which is approximately the same as average annual per capita meat consumption. However, domestic production levels have failed to meet consumer demands for both quality and quantity for the past fifty years. Sharp fluctuations in both sown area (from 40 000 to 200 000 hectares) and yields (ranging from 7.9 tonnes per hectare to 20 tonnes per hectare) indicated a fair degree of inconsistency between market demand and producers' interests, thus resulting in shortages and overproductions on "ad-hoc" basis.

Animal Genetics

In its agricultural position paper, Hungary asked the European Union for quotas that far exceed current numbers, in order to allow for long-term expansion of their livestock industries. The paper asks for a quota of 300 000 for beef cattle, while current levels are at 20 000 head of cattle. Subsidies for 1.5 million sheep were also requested, however there were only 909 000 sheep in the country at the end of 1998. The goal for pigs is a total stock of six million to 6.5 million hogs; there were between five million and 5.5 million hogs in Hungary in 1999.

Forestry Services

Hungary is still in the process of changing from being a country with an economy based upon the military industrial structure of the former Soviet Union. As a relatively flat country, Hungary's economy was largely agriculturally-based, with the central and eastern regions of the country dedicated to the production of wheat and barley for local consumption, the Soviet military, and - to some extent - "hard-currency markets." However, the grains were neither high quality, nor economical. Following the collapse of communism, many of those regions are now forested, with the total forested area in Hungary comprising slightly more than 16% of the country's land. Its forestry sector is, therefore, not very advanced, and could benefit from the technical knowledge of Canadian companies.

Slovak Republic

The Slovak Republic is a net importer of agri-food commodities, with an agricultural trade deficit that has been growing for several years. The marketing power of foreign products overwhelms the resources of domestic producers, whose products are also placed at a pricing disadvantage by export subsidies applied by the exporting countries.

Alcohol

The total annual capacity of Slovak breweries is 6.71 million hectolitres. However, 1999 beer production in the Slovak Republic was just 4.4 million hectolitres, or 65% of capacity, which will allow for expansion of Slovak production, if required. Only two domestic brewers, Topvar and CorgoE, neared utilizing full capacity of their manufacturing capabilities, at 98.1% and 84.9% respectively.

Retail sales of beer in the Slovak Republic reached 2.77 million hectolitres in 1998, for a value of $426.1 million. Although 1998 sales represent a slight decline in volume consumption from the previous year, it was an increase over consumption levels from 1994 though 1996. However, the cost of beer is increasing, leading to a 160% increase in the value of sales during the 1994-1998 period.

Slovak consumers strongly prefer beer packaged in glass, though the packaging preference has switched from the traditional bottle found in the former Czechoslovakia, to the "Vichy" type of bottle. Wine drinkers in the Slovak Republic overwhelmingly prefer wine sold in glass bottles, making over 90% of their wine purchases in that format.

The Slovak wine industry is facing tough times currently, with vineyard areas on the decline: the average age of the vines have jumped from 13 to 17 years of age. Sales of wine were valued at $193.9 million in 1998, with the sales volume totalling 700 000 hL. The Slovak Republic imported 363 000 hL from the Czech Republic in 1999, while exporting only 54 000 hL to that country.

Meat

Approximately 22 000 t of pig meat were expected to be imported by the Slovak Republic in the first half of 2000.

Slovenia

Slovenia's program of agricultural policy reform for 1999-2002 was based upon the 1993 "eco-social model" of agricultural production. This program called for the development of agricultural production oriented toward the preservation of natural environment, and toward social components, such as income parity for farmers, preservation of rural lifestyles, prevention of encroachment of forests on currently cultivated areas, and maintenance of rural employment. Essentially, the aims of the program are ecological responsibility and security of employment and lifestyle for agricultural producers, while making Slovene agricultural policy substantially and organisationally comparable to that of the EU. Policy reform from the previous market-price subsidy scheme was mandated by the growing recognition that Slovene agriculture will face severe disadvantages, compared to larger EU agricultural producers, when Slovenia accedes to the European Union.

As a mountainous country, Slovenia is faced with relatively small amounts of arable land, meaning it must import many of its agricultural products needed to feed its population. However, the population is also relatively small, resulting in a limited export market for Canadian producers.

Alcohol

In recent years, Slovenia has experienced surpluses in quality wine, with stocks of wine from previous years, at the beginning of the new harvest, being about 30% higher than normal. By mid-1999, Slovenia had a surplus of 18 million litres of wine.

Seed Potatoes

Slovenia is reliant upon imports for its potato yields, due to the alpine nature of its landscape. Total Slovene imports of seed potatoes in 1999 were $4.7 million, making a total for seed potato imports of $29.8 million from 1994 to 1999.

Canada last exported seed potatoes to Slovenia in 1996, when exports totalled $406 000, which was the same value as the previous year.

Animal Genetics

Livestock herds declined following Slovene independence in 1991, and continued to decline through the 1990s, though numbers recovered late in the decade. Cattle numbers continued their recovery in 1999, growing by 4% to 189 100. The number of sheep in Slovenia in 1999 maintained their numbers from the year before, at 72 300, while the number of pigs fell by 5.7%. Slovenia normally produces up to 700 000 hogs for slaughter annually, which represents about 70% of the country's total pork consumption. While cattle are raised primarily on family farms, the pig industry is dominated by eight large-scale production units that produce 66% of the country's requirements. These units are part of large, integrated agri-food complexes that operate their own feed mills. Each of these pig breeding facilities are responsible for turnover of between 10 000 and 100 000 pigs per year. The remainder of necessary pig stock, which usually totals close to 300 000, are imported.

Poultry numbers also steeply declined through the 1990s, falling from over 13 million fowl to nearly 10 000 in 1997. A recovery within the poultry population was evident in the second half of the decade, albeit a slight reversal in the trend of the previous six years.

Forestry Services

Forestry services are quite well-developed in Slovenia, which limits opportunities for potential market entrants. As a mountainous country, it has a vast forested region, and has developed an extensive forestry infrastructure through the wealth available for investment in such projects, and the high level of education in the country. Following agricultural policy reform in 1998, the Slovene government benefited from the focus on rural development policy, with the introduction of co-financing of the

launch of a forest owners' association, as well as investment to improve the processing and marketing of forest products.

Key Factors Shaping Market Growth

In order to be granted full EU membership, the applicant central and eastern European countries must agree to implement the EU CAP by the accession date, with the exception of permitted derogations. As a result, trade policies and agricultural and agri-food production techniques within those countries will have to meet existent EU legislation and standards.

EU membership for the applicant countries will bring liberalization of trade in many agricultural products, with duty-free quotas on some items replacing current customs preferences. The "double zero" approach, which is frequently advocated by EU member countries with regards to membership applications of CEECs, provides for the reciprocal elimination of export refunds and import tariffs, and would affect more than 400 products, including horse meat, pig meat, and poultry. However, CEECs are cautious about accepting such terms of trade. A special tariff quota system, based on current trade patterns and subject to annual increases, will be implemented instead. The tariff quota system will allow for duty-free entry of goods to a certain quantity, after which normal duties are applied. Due to fears of lost income, and the underdeveloped and vulnerable nature of certain agricultural sectors, none of the CEECs studied in this report have fully accepted the double zero approach thus far. Slovenia has not yet accepted it for pork products, but is closer to accepting those terms than its CEEC neighbours.

Export prices are expected to drop, with EU member countries being granted duty-free access to the new members' markets. This will create much stronger competition for Canadian goods, which will be subject to EU import restrictions. In fact, gradually liberalized trade between the European Union and applicant countries began on July 1, 2000. The steps of gradual liberalization were undertaken to prevent "the potential negative impact of an immediate opening of markets upon accession," according to the EU Commission.

The EU Common Agricultural Agricultural Program, and the extent to which it will apply in the EU applicant countries, will define the level of access Canadian products will have for exporting to those countries in coming years. The CAP was established to provide added financial support and incentives to agricultural producers in EU member countries. The CAP also served to boost production levels in an attempt to protect EU agricultural industries and lifestyles. The resulting overproduction would then act as a barrier to imports, and would lead to higher levels of exports from the EU countries.

However, CAP reform was seen as necessary in order to stem extreme levels of spending (CAP expenses constitute approximately half of the EU budget, and are rising), to stabilize growing product surpluses, and to create a stable environment into which applicants from the CEECs could be granted EU membership. The CAP is especially important as these applicant countries are more agrarian-based than most of the Western European countries. Although some reforms are slated to take place over the next five years, EU support payments to member country agricultural producers are significant, and will affect markets for Canadian products. Prior to attaining EU membership, applicant countries also must implement the EU's regulatory standards, including those for animal health, human health (product standards), and phytosanitary (plant health) issues. Canadian exporters should monitor developments concerning further reform closely. For a more detailed review of EU CAP reform, and other EU issues of which Canadian exporters should be aware, please read the *Guide to the European Union's Regulatory Requirements Facing Canadian Agri-Food Exports*.

As a result of EU accession, the Czech and Slovak republics will be forced to eliminate their customs union, which has existed since 1993. The customs union provided for the free movement of goods and services between the two countries, and established a common customs tariff and trade policy toward other countries. There is no target date for elimination of the union, however, should one country join the European Union before the other, the customs union will have to be dissolved the day before accession occurs, at the latest. There is not expected to be a transition period before the customs union is

dissolved.

Opportunities

Due to the reliance of beef and veal production upon the size of the dairy herd, total beef and veal production in 2006 is expected to be at the same level as in 1998. However, with increasing consumption, several EU applicant countries could become net importers of beef. This could create opportunities for Canadian suppliers of beef that are able to penetrate the market and establish themselves as low-cost suppliers of quality beef. Competition from within the European Union will be stiff, however. Although pork and poultry consumption are higher in the Czech Republic than in most other CEECs, many of the countries are also self-sufficient in production of these meats.

Following the abolishment of command economy in 1989, the Hungarian government has been trying to address all shortcomings by offering more room to manoeuver for producers' professional representations (e.g. "Potato Council", production co-operatives), researchers (universities, institutes), and traders. The aim has been to establish a consistent and complex system of introducing more appropriate and healthy varieties of seed potato for adaptation to this geographical region, in order to make the country self-sufficient. Several countries from western Europe, which have discovered long lasting business potential in this sector, consequently have extended loans and professional assistance to the country (e.g.: government of the Netherlands). In general, given the harsh climate for potato growing, the country will never be self-sufficient in seed potato production. That fact will offer an excellent chance for Canadian seed potato exporters to enter this market, which can be rated as "fairly competitive".

Czech Republic

Present transformation and privatization of the Czech agriculture gives a lot of chances to beef breeds (Hereford, Aberdeen-Angus, Charolais, Limousine) that are now considered to be ideal, especially for newly established, small private farms and for mountainous areas. Beef -- still an important part of the Czech diet -- was mainly obtained from dairy or dual purpose breeds in the past. Due to ongoing surpluses in milk production, the Ministry of Agriculture prefers to eliminate inefficient dairy and dual purpose breeds, but at the same time supports beef cattle breeding. Programs of government subsidies for beef calves have opened the door for imports of Canadian beef cattle, which could create opportunities for Canadian suppliers of beef that are able to penetrate the market and establish themselves as low-cost suppliers of quality beef. However, market access would be dependent upon Canadian beef suppliers being able to meet Czech veterinary health import conditions, which are now comparable to EU import conditions. EU import conditions for beef cattle frequently do not accept Canadian products due to issues such as the use of hormones in breeding.

Most sweet wines are imported, and likely do not have strong brand loyalty among consumers. Canadian wine exporters will have to strongly promote their products to consumers, in an effort to establish brand awareness of Canadian wines.

Cat and dog food represent good opportunities for Canadian pet food manufacturers, due to the booming trend of the market and consumers' positive perception of Canadian pet food currently on the market. Dog food, particularly, is an emerging subsector, with consumption levels far below those found in Western countries. Dry dog food sales had an average annual growth rate of 11.4% from 1994 to 1998, while wet dog food sales grew at an average annual rate of 20.7%.

Per capita consumption of staple food products are about as high as in Western countries, however consumption of convenience foods is still rather low. Therefore, Canadian exporters of frozen foods, baby food, and ready meals, for example, could find good opportunities for these kinds of products among a population that is working longer hours in an expanding economy, experiencing rising incomes, and ageing.

Hungary

The self-sufficient Hungarian alcohol market presents few opportunities for Canadian exporters. However, there are niche market opportunities. International alcoholic beverages are a novelty, and though increasing in price, are being enjoyed by the *nouveau riche*.

Hungary must re-source its seed potato varieties every two to three years, due to the harshness of the Hungarian climate and the inability of many potato varieties to last in that climate for many seasons. Opportunities exist for Canadian seed potato producers with varieties that are able to pass adaptation trials in Hungary. In addition, potato and potato-based foods are developing into a popular menu item in Hungary, which will lead to a concurrent increase in the demand for potatoes.

Canadian companies interested in sourcing animal genetics (bovine, porcine, or avian) for export to Hungary should be encouraged that, despite the involvement of several foreign companies in this industry, new exporters will encounter a keen market.

Opportunities for forestry services are strong within Hungary. Both state-owned and privately owned forests exist, with owners searching for companies that can devise methods to gain maximum usage from the forests, but also have knowledge in re-forestry techniques, so that forests can be maintained or expanded. Good opportunities also exist in neighbouring Croatia for those companies able to establish a strong business and reputation in the Hungarian forestry sector.

Slovak Republic

As is the case in the Czech Republic, the Slovak Republic is also undergoing transformation and privatization of its agricultural sector, with the support of government subsidies, which provides opportunities to export beef breeds (Hereford, Aberdeen-Angus, Charolais, Limousine).

Slovenia

Opportunities exist for seed potato and potato exporters, as the alpine regions of Slovenia do not allow for the country to be self-sufficient in potato production. However, Canadian suppliers will first have to undergo two to three years of variety testing to ensure that the potatoes will be able to withstand the climate, and will thrive in the soils of the Slovene countryside.

Actual and Planned Projects

The Dutch brewery, Heineken NV, announced in April 2000 that the Slovak Republic's anti-monopoly office had officially sanctioned its December 1999 purchase of 52.47% of the Slovak brewer Gemer. Heineken subsequently announced that it would invest over $3.6 million (Sk100 million - Slovak *koruna*) into Gemer's brewer and malt house over the next three years in an effort to cement Heineken's place in the Slovak beer market. Heineken hopes to see beer production at the Gemer plant reach 400 000 hL by the end of the year, while malt production is forecast to reach 20 000 t. Heineken is currently the second-largest brewery in the world, and also operates three other breweries in the Slovak Republic: Zlaty Bazant, Corgon, and Martiner.

Agrodruzstvo Jevisovice (AJ), the largest Czech poultry producer, commissioned a new broiler fattening plant in September 1999 for $2.28 million. The new plant has a production capacity of seven million broilers and 15 000 tonnes of meat. This construction was completed with the goal of increasing the company's market share from 7% to 10%. The chicken is sold to Kosteleche uzeniny, which is a meat processing plant.

Kostelecke uzeniny also has plans to invest $21.5 million in the extension and modernization of its production by 2005. With the aim of increasing turnover and expanding production toward foreign markets after the Czech Republic gains EU membership, the company is targeting a 30% share of the domestic meat products market by 2005. The company currently holds an 18% share on the domestic market, processing 26 00 tonnes of poultry, 27 100 tonnes of pork, and 7980 tonnes of beef, and producing 26 175 tonnes of sausage. The planned expansion, which will begin in the autumn of 2000, is

an $16.3 million investment mainly for the production of sausage and ready-to-cook meals. In 1999, the company invested more than $5 million on poultry processing and packing, transport equipment, and infrastructure improvements.

Czech-based food company Bilbo also intended to begin construction in mid-2000 on a new factory intended to double production of meat products. The project will cost $9.5 million, and should be ready to commence operations by January 2001.

The European Union will issue a draft directive on fortified foods in September 2000. The directive will aim to establish a single level of quality for European food producers, to eliminate regional barriers to free trade and movement of products within the European Union. The draft will call for "maximum safe" levels for a range of nutrients and other ingredients, including vitamins and minerals. However, in order to go through all the legislative stages of acceptance, it could take another four years before the directive is implemented across the European Union.

COMPETITIVE ENVIRONMENT

Local Capabilities

Czech Republic

Local wine production reached 412 400 hL in 1999, supplying almost half of the market for domestic consumption. The sparkling wine market, which turns out 16.5 million bottles each year, is dominated by a domestic producer, Bohemia Sekt, which holds a 75% market share. Soare Sekt, who wants to increase its current market share of 16% to 20% in 2000, produced 2.5 million bottles of sparkling wine in 1999.

Domestic meat production in 1999 amounted to 282 906 t, which was 4.4% less than in 1998. Beef represented 25.8% of the total, while pork comprised 74%.(4) ZRUD, a domestic meat producer, controls about 18% of the Czech meat and meat products market, with a $236 million annual turnover in 1999.

Annual Czech wine production is worth $86 million.

Hungary

The alcoholic beverages market was state owned and operated until the 1990s, during which time, the whole industry underwent the same privatization trend as occurred in the other CEECs.

The dominant company in the bovine genetics market is the domestic artificial insemination company, OMT RT. This company is 100% owned and operated by the Hungarian Ministry of Agriculture.

Slovak Republic

Heineken is one of the largest manufacturers of beer in the Slovak Republic, responsible for turning out 37% of beer in that country. Its December 1999 purchases of Martiner and Gemer, two Slovak breweries, added to its earlier acquisitions of two larger Slovak breweries, Zlaty Bazant (ZB ended licenced production of 78 000 hL of the Czech Gambrinus beer in June 2000 when the contract ran out, which had initially be undertaken to avoid the Slovak quota on Czech beer) and Corgon. Together, Martiner and Gemer produce over 570 000 hL of beer annually. Heineken has stated that the breweries will continue to produce the same regional beers and will not be integrated with other Heineken subsidiaries in the country. However, these additions are expected to help the Dutch parent company gain nearly 60% of the market in the near future, as production capacities are more fully realized.

International Competition

Czech Republic

Alcohol

Total alcohol imports from non-CEECs were valued at $115.9 million in 1999, which was an increase of 6.5% over imports in 1998. The Czech Republic imported $24.3 million in wine, $23.4 million in whisky, $4.4 million in vermouth and other wines, and $4.3 million in beer.

German products garnered the largest share of the 1999 Czech alcohol import market for the second year in a row, with imports valued at $33.6 million (up 32.6% from 1998). Of the total of German imports, $23.6 million were wine imports, and $4.4 million were imports of whisky. The United Kingdom exported $17.7 million in alcohol to the Czech market in 1999, including 50% or $11.7 million of the Czech whisky import market. UK whisky exports have declined yearly since 1995, when it exported $35.2 million worth of whisky for 37.6% of the market. Italy supplied $13.7 million in 1999, which included $11 million in wine. Other top exporters were France ($12.6 million), Austria ($6.4 million), Spain ($6.9 million), and Ireland ($4.6 million).

The leading suppliers of beer to the strong Czech market in 1999 were Austria ($1.3 million worth of beer exports), Belgium ($1.1 million) and the United Kingdom ($750 000 -- down from over $2.2 million in 1998).

In 1999, the Czech Republic imported over 469 000 hL of wine, valued at $29 million. Of the total volume, 55% (256 000 hL) was imported in barrels, while the remainder was imported in bottles. The most significant suppliers of wine in barrels were Italy (47.3%), Hungary (20.3%), and Slovakia (20%). Bottled wine import were led by Spain (51%) and Slovakia (14%). The first seven months of the marketing year 1999/2000 indicated a considerable increase of the import of wine over the last marketing year (21.5%).

Beef imports totalled 3545.4 t in 1999, which was a decrease of 35.7% from the previous year. Pork imports also dropped, by 18.4% to 16 533.1 t.

The Czech Republic ranked second among the countries discussed in this report in the import of bovine genetics in 1999 (Table 1), with imports totalling $2.6 million -- 76.4% of which were imports of bovine semen. The United States has consistently dominated the import market for bovine genetics since 1994, with sales totalling $8.8 million in the period from 1994 to 1999. However, U.S. exports of the commodity have decreased each year since the peak of $2.4 million was reached in 1996, the year in which Czech imports also peaked, at $4.3 million. U.S. exports of bovine genetics were valued at $779 300 in 1999, for a 38.2% market share. France also plays a significant role in this market, supplying 20.9% of the $2 million market (in 1999).

The import of pulses (beans, lentils) totalled 14 100 tonnes in the 1998/1999 marketing year, of which 3 500 tonnes were beans and 8 000 tonnes were lentils. Both lentils and beans are also regularly imported from Canada, although mostly through European brokers. 1999 legumes imports from non-CEECs totalled just $100 500, which was nearly triple the value of imports from the previous year ($39 500). Italy dominated the 1999 import market, with product valued at $68 800, 95% of which were fresh peas. The Netherlands followed at $24 400, of which 65% were fresh or chilled beans. Total imports of pulses from non-CEECs for the 1994 to 1999 period had a value of just $387,775.

The import market for dog and cat food in 1999 reached a total of $30.3 million, as Austrian suppliers represented 25.9% of the import market with a value of $7.8 million of goods. This total was down from the 33.3% market share Austrian goods enjoyed in 1998, when the value of dog and cat food imports from that country reached $9.6 million. Germany captured 17.9% of the market with exports of $5.4 million, while France and the United Kingdom exported $3.8 million and $2.1 million, respectively.

Hungary

Hungary's imports of alcoholic beverages from non-CEECs were valued at $34.1 million in 1999. Germany's exports to the market were the most significant of supplying countries, with a value of $8.1 million and a market share 23.7% of the import market. The United Kingdom is close in its challenge for top spot in the market, with sales of $7.2 million and 21.2% of the market, $5.7 million of which was whisky.

EU duty-free exports of wine to Hungary in 2000 will have a quota limit of 12.271 million litres. Exports to Hungary above that total will be subject to a 62.9% tariff, but it is unlikely that EU exporters will reach that level.

Table 1. Imports of Genetic Materials, 1995-1999 ($)

Country	1995	1996	1997	1998	1999
Czech Republic	4 713 607	5 374 473	4 885 962	4 996 072	2 671 726
Hungary	4 003 509	4 642 149	6 608 013	8 959 035	6 879 204
Slovak Republic	488 855	757 054	2 400 299	2 709 996	999 020
Slovenia	372 295	145 577	56 088	496 992	277 298

Note: HS code 0511
Source: The Dialog Corporation *TradStat* Imports/Exports report, June 2000.

The United States has led Hungarian imports of bovine genetics for several years, with sales exceeding $8.4 million from 1994 to 1999, inclusive. After seeing its exports rise to $2 million in 1998, U.S. exports shrunk back to $1.8 million in 1999. Canada was the second largest supplier to Hungary in 1999, with $433 300 of bovine genetics exports. Germany and France were third and fourth among suppliers to the market in 1999 with totals of $310 000 (10.0% of the market) and $206 000 (6.6% market share), respectively.

Imports of seed potatoes peaked in 1996, when Hungary imported $11.2 million worth, 84.4% of which came from the Netherlands. The Dutch government is subsidizing efforts of its potato producers to establish strong export markets within Hungary. This strategy has succeeded in giving Dutch suppliers a strong market share, responsible for 86.2% of seed potato imports in 1999, valued at $4.1 million. However, Hungary does not want to become dependent upon Dutch varieties, in case supply is threatened by disease, or the price is pushed too high. Total seed potato imports in 1999 were valued at $4.8 million.

Slovak Republic

The Slovak Republic imports its greatest quantity of beer from the Czech Republic; however, it also maintains a 532 000 hL annual quota on these imports. While the Czech Republic has lobbied for several years to have the quota increased or removed, breweries within the Slovak Republic would like to see the quota reduced. Both sides expect that the beer trade between the neighbouring countries will be fully liberalized in the next few years. In 1999, the Slovak Republic imported 361 900 hL of beer from its Czech neighbour. However, more Czech breweries produce their beers from within Slovak borders in order to avoid Slovak import quotas. For example, Plzensky Prazdroj, newly acquired by South African Breweries, is to commence production of Pilsner Urquell in the Slovak Republic in 2000, with the intention of avoiding import quotas.

Total imports of alcohol from non-CEECs in 1999 were valued at just $12.2 million, down from a high of $21.5 million in 1995. Imports of wine are dominated each year by imports from Italy. Total wine and vermouth imports in 1999 reached $4.0 million, with Italy sourcing $3.3 million of the total. The Slovak Republic imported just $1.3 million of whisky in 1999, 71.5% of which was from the United Kingdom,

and just $238 000 in beer was sourced from outside the Czech Republic. Other spirits comprised the majority of the remainder of alcohol imports.

Austria and Germany were the leading exporters to the Slovak Republic of cuts of meat in 1999, with $3.1 million and $2.3 million respectively. Italy led exporters of beef, with over $800 000 worth exported in 1998 and 1999. However, the most significant portions of Slovak meat imports in 1999 were Austrian pork exports ($2.7 million), and German pork exports ($1.6 million).

In 1999, Italy led the $2.5 million import market for dog and cat food with a 32.4% market share valued at $822,393. Germany, which had exported the highest value of dog and cat food the previous five years, was ranked second with a value of $492,123 for 19.4% of the market. The dog and cat food import market in the Slovak Republic is showing strong growth; imports have grown by 144% from 1994 to 1999. From 1998 to 1999 alone, the market grew by 20.5%. As incomes rise and the population ages, both trends that typically point toward an increase in pet purchases, growth is expected to continue.

Slovenia

Imports of alcohol peaked at $60.7 million in 1996, and have quickly declined since then to total $36.4 million in 1999. The United Kingdom led imports, with $17.7 million in 1996, and Italy ranking a close second with $14.7 million. However, while exports from the United Kingdom dropped to $12.6 million last year, Italy exported $4.1 million and Austria, $5.1 million.

Wine imports have steadily declined since 1996, from $6.8 million to $1.7 million in 1999. Italy, Germany, France, and Spain are the dominant suppliers, though each had wine exports of less than $500 000 in 1999. Italy also supplies the dominant share of the vermouth import market year after year, which declined from $976 000 in 1998 to $260 000 in 1999. The largest level of alcohol imports in the past several years have come from U.K. whiskies. While whisky imports continue to dominate the alcohol import market, they have fallen from their peak in 1995 -- when Slovene imports of whisky totalled over $22.4 million -- to $15.4 million in 1999. U.K. Imports totalled nearly $18 million in 1995 but have since declined by 54% to $11.5 million in 1999.

The Netherlands and Belgium have dominated the market for seed potatoes, exporting over $17.8 million and $6.4 million, respectively, to Slovenia from 1994 to 1999. Both countries have also seen their exports of seed potatoes rise over the last three years, as the Netherlands reached $3.1 million in 1999, while Belgium exported $820 000.

In the animal genetics sector, the United States, Canada, France, and Italy are all semi-regular exporters of bovine genetics to Slovenia, although totals vary widely from year to year. U.S. exports dropped by half from 1998 to 1999, totalling $33,680 in 1999. Meanwhile, French exports more than doubled in the same period, increasing to $39,580. However, the Netherlands dominated the import sector last year, with a value of $168,061 for 67.4% of the market.

Canadian Position

Czech Republic

Aside from whisky, Canadian alcohol exports to the Czech Republic have been minimal. Whisky was the sole Canadian alcoholic beverage to be exported to this central European country in 1999, with a total value of $200 000, down 35% from the previous year's exports of $316 000. In 1998, Canada also exported $12,314 of wine, which was the total of all non-whisky Canadian alcohol exports from 1994 to 1999. In the same period, Canada imported over $7.5 million of alcohol from the Czech Republic, primarily beer (valued at $7.2 million).

Imports of Canadian meat from 1994 to 1998 totalled $9.8 million, with cuts of meat accounting for

$6.5 million, and offal, $3.3 million. Pork meats (HS 0203) accounted for $5.2 million of that 1994-1998 total, but Canadian pork meats have dwindled from a high of $3 million in 1996, to $550 000 in 1998 and zero in 1999. Canada has established itself as a good source for horse meat in recent years, leading all supplying countries in the last three years, with exports totalling $1.2 million during that period.

Canadian exports of bovine semen to the Czech Republic peaked in 1996, with $433 800 in exports representing a 10.1% market share. Exports in 1999 -- valued at $294 800 or 14.4% of the import market -- were solely in the supply of dairy bovine semen. At around 14%, Canada's share of the Czech bovine semen market remained unchanged from 1998 to 1999.

Frozen semen doses of Holstein breeds and, from time to time, embryos, live heifers or breeding bulls have been imported from Canada for many years. The Canadian traditional exporter of bovine semen, Semex Alliance, has established a joint-venture operation in the Czech Republic, with the local company Gensemex.

The first shipment of Hereford cattle (1000 Hereford bred-in heifers) was exported from Canada to Czechoslovakia in 1974. Due to the lack of knowledge of this breed on the Czechoslovak side, Hereford breeding went through periods of difficulties and at present there are only a few Hereford herds, located mainly in the mountainous border areas.

The Menhardt International Livestock and Overseas Services Inc. (M.I.L.O.S.) company, from Saskatchewan, established a successful joint venture operation in southern Bohemia (Trhove Sviny). It exports Canadian beef cattle -- mainly bulls, heifers or semen of Aberdeen Angus and Charolais breeds -- to the Czech Republic and simultaneously breeds beef cattle on the farm at Trhove Sviny. The Czech operation also sells offspring to Czech farmers, operates a slaughter house and sells beef meat to Czech restaurants and international hotels.

Exporters of pet food from Canada have done very well in establishing markets for their products in the Czech Republic. As dog and cat food manufactured in Canada has established a good reputation for quality through high nutritional value, these foods have gained good market position. Canadian companies, such as Maple Lodge Farms (Brampton, Ontario), Champion Feed Services (Barrhead, Alberta), Corey Feed Mills (Fredericton, New Brunswick), Harrison Pet Products (Kitchener, Ontario), Produits L.B. Ltee. (Boucherville, Quebec), Shur-Gain/Maple Leaf Foods (Toronto, Ontario), and Martin Pet Foods (Elmira, Ontario) have already established their distribution channels and had, or maintain, regular exports to the Czech market. The Czech Republic imported $4.7 million worth of dog and cat food from Canada in 1999, which represented 15.5% of import market share and pushed the total for imports from 1994 through 1999 to more than $23.5 million. Canadian exports peaked in 1997, reaching $6.6 million for a 28% share of the import market.

Hungary

Alcohol exports from Canada since 1994 have been strictly whisky exports, with the exception of $10 000 of other spirits. Each year since 1995, Canadian exports of whisky have increased; 1999 exports totalled $747,004, which was an increase of 11% over the previous year. The Seagram Company Ltd. has entered the market in Hungary, and is responsible for the majority of the volume of alcohol being exported from Canada. Seagram also has opened operations -- Seagram Hungary -- as a part of its European operations.

Canada was Hungary's second-largest supplier of bovine genetics in 1999. Canadian bovine genetics exports to Hungary have mainly come in the form of dairy cattle semen, of which it exported $433 300 in 1999, and nearly $2 million overall from 1994 through 1999. The remainder of exports each year comprised cattle embryos. While dairy cattle semen exports have fluctuated through that period, the trend in the value of exports has been positive, indicating good opportunities for Canadian exporters wishing to expand their role in the market, or enter the Hungarian market for the first time.

Canadian exporters of animal genetics technology have achieved significant successes in Hungary. In 1985, the Saskatchewan Trade Export Partnership (STEP, a federal/provincial partnership organization) aided in the export of 100 Hereford cattle to Hungary. A Canadian bovine genetics company, Semex Alliance, has had an extensive role in the export and development of the Hungarian animal genetics market. Following initial export to the central European country, Semex formed a 50-50 joint venture with a local animal genetics firm in Hungary, to form Gene-Pool Co. Ltd. Gene-Pool has grown to gain 17% of the bovine genetics and (dairy) semen market.

In addition, Rio-Alto International exported beef cattle from Alberta to Hungary in 1995, and then formed a venture to cross-breed Canadian beef cattle with domestic dual-purpose herds, which have now developed into a herd of over 500 Red Angus cattle. The venture has proven successful enough that Rio-Alto has also entered the Slovenian and Croatian markets. Some of the Hereford cattle imported in 1985 are still breeding in Hungary, and are being cross-bred with Canadian Red Angus cattle.

In the area of avian genetics, at least three Canadian companies are involved in the Hungarian market. Canadian Pride Ostrich (British Columbia) formed a joint venture with a Hungarian company in 1998 to multiply the ostrich population in Hungary. Hybrid Turkeys, from Ontario, have been selling eggs and genetics to Hungary for more than two decades, and faced competition from the United Kingdom. Lastly, Shaver Poultry Breeding Farms Ltd., in Ontario, has exported white diamond chicken genetics to Hungary over the past 25-30 years, with the German poultry genetics (TETRA) companies as the most significant competition.

Except for exports valued at $28 400 in 1998, Canada has not supplied seed potatoes to Hungary since 1996, when $574 245 was exported, for a 5.1% share of the import market.

In the forestry services industry, testing and adaptation trials of Canadian white pine, as well as other types of trees, are currently under way in Hungary.

Slovak Republic

Canada's only export of alcohol to the Slovak Republic since 1994 occurred in 1996, totalling $130,053, all of which was whisky. That year's Canadian whisky exports accounted for 8% of whisky imported by the Slovak Republic.

Canadian exports of meat decreased from a peak of $1.2 million in 1997 (all of which was swine meat) to $360 000 in 1999 ($282,583 of which was swine meat, and the remainder was horse meat), for a total of $3.2 million from 1994 to 1999. Canada's share of the import market declined from 42.5% in 1997 to 3.6% in 1999, following a large increase in exports from countries such as Denmark, Austria, and France. Exports of edible offal from Canada also peaked in 1997, at $81,866, with total exports of offal from 1994 through1999 reaching $611,511.

As in the Czech Republic, Canadian bovine semen exporter Semex has a joint-venture with the Slovak company Insemas.

Canadian exports of dog and cat food increased to 10.4% of the import market in 1999, with exports of $265,005. That total was more than double exports of the year before, and was the highest export value of dog and cat food since 1995, when exports totalled $163,103.

Slovenia

Canadian alcoholic beverage exports to Slovenia from 1994 to 1999 consisted of whisky -- with the exception of around $1000 of alcohol in 1999. Canadian whisky exports to this market peaked in 1997 at $1.1 million, capturing 6% of the whisky import market that year. Sales slipped to $791 700 the following year, and down again to $199 500 in 1999 for just 1.3% of the import market.

Although Canadian exporters did not ship any bovine semen to Slovenia in 1999, exports in 1998 totalled $155 000, representing 42.3% of the import market that year. In 1995, 1996, and 1998, Canada was Slovenia's sole supplier of dairy bovine semen, exporting over $73 000 worth each year.

Competitive Advantage Through Canadian Government Policies and Initiatives

Agri-Food Trade Program (AFTP)

The Agri-Food Trade Program (AFTP) is a cost-shared contribution program designed to support Canadian agri-food industry activities in areas of market readiness, market access and market development. The objective of the AFTP is to increase sales of agriculture, food, and beverage products in domestic and foreign markets.

AFTP's priority is to encourage Canadian agri-food associations and alliances to develop and implement sectoral export market development strategies to improve their global competitiveness. For more information, visit: http://www.agr.ca/progser/aft2000_e.phtml.

Export Development Corporation (5)

Export Development Corporation (EDC) offers export financing and insurance to Canadian exporters. Additionally, insurance can be provided for larger transactions that are subject to the terms and conditions established by the buyer. EDC prefers to work through letters of credit, bank credits or bank guarantees. Approval for financing is considered on a case-by-case basis.

Canadian Commercial Corporation

The Canadian Commercial Corporation (CCC) gives Canadian companies access to financing and better payment terms under the Progress Payment Program (PPP). The PPP concept was developed as a partnership between major Canadian financial institutions and the CCC. It enables the exporter's bank to open a project line of credit for the exporter's benefit, based on CCC approval of the project and the exporter's ability to perform. The CCC will also act as a prime contractor on behalf of Canadian small and medium-sized enterprises, giving those businesses increased credibility and competitive advantage.

New Exporters to Overseas

The New Exporters to Overseas (NEXOS) program helps Canadian companies that have not yet exported to Europe. NEXOS introduces the essentials of exporting and provides practical information and first-hand exposure to European markets. Contact the Department of Foreign Affairs and International Trade, European Business Development Section (RENB) or visit http://www.infoexport.gc.ca/nexos-e.asp for more information about NEXOS.

Program for Export Market Development

The Program for Export Market Development (PEMD) helps Canadian companies enter new markets by sharing the costs of activities that companies normally could not or would not undertake alone, thereby reducing risks involved in entering a foreign market. Eligible costs and activities include market visits, trade fairs, incoming buyers, product testing for market certification, legal fees for international marketing agreements, transportation costs of offshore company trainees, product demonstration costs, promotional materials, and other costs necessary to execute a market development plan. Activity costs are shared on a pre-approved, 50/50 basis.

The PEMD refundable contribution ranges from $5 000 to a maximum of $50 000. Preference is given to companies with fewer than 100 employees for a firm in the manufacturing sector and 50 in the service industry, or with annual sales between $250 000 and $10 million. Other components of the program include international bid preparation (Capital Project Bidding) and, for trade associations, developing

international marketing activities for their membership. For more information, visit http://www.infoexport.gc.ca/pemd-e.asp or call 1-888-811-1119.

WIN Exports

WIN Exports, a database of Canadian exporters and their capabilities, is used by trade commissioners around the world and by Team Canada Inc partners in Canada to match Canadian suppliers with foreign business leads, and to share information on trade events. To register your company in WIN Exports or for more information, visit http://www.infoexport.gc.ca/winexports/menu-e.asp or call 1-888-811-1119.

PRIVATE-SECTOR CUSTOMERS

Consumption patterns in the Czech Republic and Hungary seem to indicate that purchases are dependent upon income, rather than price. Demand for both inexpensive and expensive food items have increased, while sales of medium-priced products have declined. Czech purchasing decisions regarding higher-quality goods are increasingly dependent upon quality, packaging, and brand recognition. However, brands do not play as significant a role in Hungarian purchases. Hungarian consumers are generally wary of new products, names, and packages, especially when accompanied by a price increase. Retailers cannot rely upon brand power for sales and price premiums in Hungary to the same extent as in other European countries.

Czech households spent 26.4% of their income on food in 1998, which was the highest of all household expenditures including housing (which occupied 19.4% of spending). Consumers in urban centres are more likely to make purchases of imported goods, due to greater exposure to imported goods in grocery stores, supermarkets, and hypermarkets. Over 60% of city residents are likely to shop mostly in supermarkets, and less often in small stores.

PUBLIC-SECTOR CUSTOMERS

Government Procurement Regulations (6)

Hungary

Hungary is not party to the WTO Government Procurement Code, which has caused several international disagreements resulting in legal action based on non-transparency and procedural irregularities in Hungarian government purchases.

Access to government-funded construction and service or support contracts is regulated by the November 1995 Act on Public Procurement, which increased the transparency in public procurement. Tenders must be invited for the purchase of goods worth over $630 000 (HUF10 million -- Hungarian *forint*), however bids with less than 50% Hungarian content will be considered equal to non-Hungarian content bids, which are up to 10% lower than bids with more than 50% Hungarian content. Purchases deemed to be related to state secrecy remain exempt from these regulations.

Hungary's forests sector (both private and public) and its relevant operations have to follow the regulations as set out by the "Act No. LIV of 1996 on Forests and the Protection of Forests".

Public forests are managed and supervised by the "State Forest Service". Private forest proprietors are members of "FAGOSZ", National Forest Federation. FAGOSZ's database contains presently some 7300 firms involved in the forestry/wood business in Hungary. Operations are carried out by individual members of both FAGOSZ and the "State Forest Service".

MARKET LOGISTICS

Channels of Distribution

The countries discussed in this report have retail and wholesale distribution channels that are developing along Western standards. The number of shops is decreasing, while the average size of stores, and the number of new hypermarkets, are increasing. In Hungary in 1998, stores over 400 m^2 were responsible for more than half of total grocery retail sales, with 25% of total sales conducted by stores over 1000 m^2 in size.

Direct Sales

Direct sales to retailers are infrequent, as the majority make their purchases from local wholesalers. However, Tesco, a large British retailer with outlets in the CEECs, does import directly, and has an office located in Prague that handles decisions regarding purchasing for its stores in the Czech and Slovak republics.

Distributors and Wholesalers

The Czech retail market is fragmented and has a poor distribution network, but it also has the strongest presence of foreign goods of all the countries in central and eastern Europe. Over 20% of the market is held by large international chains, while another 20% is dominated by the Czech Marketing Distribution (CMD), an alliance of domestic and foreign companies. Realizing the threat the large international chains could pose to market share, many medium-sized companies formed the CMD buying chain in an attempt to appeal to foreign companies that want to avoid the typical wholesale distribution route.

In Hungary, retailers, including multinational chains, mainly import through domestic foreign trading companies and wholesalers. The food and beverage wholesale trade is fairly concentrated, with 11 "purchasing partnerships," run by retailers, handling over 70% of total turnover. These purchasing companies are able to influence the price of both domestic and imported foods, and charge different fees to domestic and foreign suppliers. Typical fees include a listing fee to introduce a new product into the retailer's inventory, slotting fees to keep a product on the store shelf, and marketing and shop network development contributions.

Canadian trade commissioners in the respective countries may be able to give some direction as to reputable companies with which to deal, however, generally, Canadian exporters are encouraged to offer their products to the purchasing partnerships that serve the big retailers, or to the nation-wide network of importer/distributors. Independent importers may also offer good service, but one should always guard against excessive fees from any distributor.

A few Canadian pet food manufacturers, such as Maple Lodge Farms, expanded their export markets to include the Slovak Republic through the use of Czech distributors.

Agents and Sales Representatives

The use of local agents and distributors in the Czech Republic, Hungary, the Slovak Republic, and Slovenia is recommended when establishing a sales subsidiary is not feasible. Agents or sales representatives can frequently act on behalf of the Canadian producer, and offer goods directly to retail shops, bypassing wholesalers. Supermarket and hypermarket chains are frequently the most open and capable of introducing new products to the market, particularly vegetable, meat, and fish products.

Joint Ventures

Several Canadian companies have successfully entered CEECs markets through joint ventures with local companies. For example, Semex, supplier of animal genetics, formed a joint venture with local companies in the Czech and Slovak republics, and Hungary, and has established itself as a reliable provider of bovine genetics. There are likely to be ample opportunities for Canadian companies to establish a similar sort of arrangement with domestic companies, which may be a trade advantage to Canadian suppliers when those countries join the European Union.

One of the general deficiencies that exist in the CEECs is the lack of managerial expertise, particularly in the area of marketing. As a result, the efficiency of the distribution chain is significantly affected, and can delay getting a product to market. Although marketing is now a popular concept, managers frequently focus on satisfying the demands of the wholesaler, rather than of the consumers. Although the situation is improving, few managers possess a strong marketing strategy, a thorough knowledge of the marketplace, knowledge of their competitors, or a clear idea of how to create brand images. Canadian exporters considering entering into joint ventures with CEECs companies should be aware of these impediments, and co-ordinate efforts with venture partners to resolve any deficiencies that may exist.

Retail Food Outlets

Czech Republic

The Czech food retail market underwent considerable change throughout the 1990s, as several large chain store operations entered and began a continuous process of expansion. The entrance of large foreign chain stores was facilitated by the disintegration of state companies, increase in privatization, and the subsequent grouping of co-operatives into bigger units. Concentration in the Czech market is accelerating, and many smaller stores are finding it difficult to compete, as consumers change their purchasing habits toward shopping at larger chain supermarkets.

The number of supermarkets grew by 100 in 1998, to reach 400 stores; supermarkets were responsible for 7.5% of the $11.2 billion in retail food sales that occurred in 1998. while seven hypermarkets accounted for 1.1% of sales. Independent grocers experienced a great decline in sales totals, as market share fell from 60.7% of sales in 1993 to 28.2% ($8 billion) in 1998. The loss of sales and market share is particularly significant to independent grocers, as the number of stores actually increased by 48% from 1993, to reach 69 100 in 1998. Affiliated retailers, and other stores that united to form voluntary chains (76 200 stores in 1998), amassed 47.2% of retail food sales in the Czech Republic in 1998, which was an increase from 12% of sales in 1993.

The nature of supermarkets in the Czech Republic is such that if a product obtains shelf space, it will meet with a measure of success. Most large retailers purchase through a local wholesaler, though many international chains have developed their own warehouse and distribution network, thereby avoiding most distribution problems. Canadian exporters of value-added food products are advised to establish good relations with domestic wholesalers, which may develop into more favourable treatment by supermarkets.

While supermarkets are enjoying growing popularity in urban centres, co-operatives generate 80% of their revenue in rural areas. However, co-operatives have faced the same challenge from independent grocers, retailer affiliations, and, to a lesser degree, large international stores. Co-operatives were responsible for 9.3% of retail food sales in 1993, but this shrank to 2.8% in 1998. The privatization of some stores aided in lowering the numbers, but the trend of shrinking sales still existed. Therefore, the Federation of Czech and Moravian co-operatives planned to begin consolidating stores into larger units in 1998.

Retailers typically have a stronger position in the Czech Republic than do suppliers or wholesalers, due to a lack of consolidation in the latter sectors, which means that suppliers have to pay high prices to display their products on store shelves. The less known the brand or the less essential the item, the

higher the listing fee. Well-known brands that could adversely affect the success of the store by their absence, usually do not have to pay any fee.

Domestic products hold the competitive advantage of a lower price against imported products, however imports can frequently find niche markets to fill that will face little or no competition. Opportunities exist for Canadian producers of peanut butter, microwave popcorn, Mexican food products (e.g. salsa, tortillas), less expensive maple syrup, and dried fruits and nuts, or any other specialty long life shelved products that are unique and/or able to compete with products of European suppliers.

There are very few convenience stores in the Czech Republic, although shops at gas stations, which have become very popular in the past decade, typically order food stocks through a parent company.

Slovak Republic

Retail food outlets, which used to be operated as a national network of independent stores during the communist era in the Slovak Republic, were privatized through the 1990s. Privatization resulted in a break-up of the chain, though the stores retained their popularity among consumers for most of their food purchases. Multinational supermarket chains have appeared, though they have not gained a large share of the retail market as many of these large stores are located outside city cores, or out of town. Small, independent stores continue to account for nearly 75% of total retail food sales, which reached $4.6 billion in 1998, while supermarkets and hypermarkets represented just 6.7% and 2.3%, respectively.

The retail food industry in the Slovak Republic has not followed the pattern of consolidation and alliance-forming that has occurred in the Czech Republic. That is likely due to the fact that the number of independent stores has increased, along with sales and market share. The number of independent stores totalled 17 200 in 1998, which was an increase of 6300 stores from 1993. By comparison, 400 supermarkets existed in 1998, while hypermarkets were only introduced in the Slovak Republic in 1996 and number fewer than 100 stores.

Market-entry Considerations

When a Canadian company is considering the issue of how much to charge for a product, it is advisable to allow for a reasonable fluctuation in the exchange rates between Canada and Europe (assuming that the price is quoted in a European currency). An increase in the relative value of the Canadian dollar is a distinct probability, and should be considered in pricing decisions.

When a company is considering what price they should charge for their products, it would be wise to take into account the creditworthiness of the importing company as well as the importing country. A strong source for this type of information is EDC's *Guide to Country Risks and Opportunities*.

Advertising

Advertising for food products throughout the CEECs is permitted, through any media available. However, advertising laws concerning alcoholic beverages differ between countries.

The Czech Republic has no general restrictions on alcohol advertising, although specific restrictions barring advertising to children, or to stimulate consumption, do exist.

Regulations in Hungary are considerably more defined, prohibiting the use of the images of young people, or the advertisement of alcohol near schools or other youth centres. Television and billboard advertising are permitted throughout the country, and both have been used successfully by domestic manufacturers. No statement of health risks are required on any packaging, poster, or in other forms of advertising.

In the Slovak Republic, billboard advertising is permitted for all alcoholic beverages, however, beer is the only beverage permitted to be advertised on television or radio.

Suggested Business Practices

Canadian exporters seeking entry into CEECs markets are urged to develop a firm understanding of local business culture and consumer preferences, ideally through the establishment of close professional relationships with potential partners.

Initial business meetings with Czech counterparts may not be overly cordial, and may be conducted in a serious and matter of fact fashion, before a level of trust and a good personal relationship are established. Slovak businesspeople, on the other hand, conduct business in a mix of Western European and North American styles. While successful business in the Slovak Republic generally requires the establishment of a good personal relationship and trust, meetings with business representatives typically include a welcoming toast of an alcoholic beverage. General social conversation before business is also the norm in the Slovak Republic. In Slovenia, which was not fully integrated into the Eastern Bloc under the Soviet Union, business enjoyed a "self-management" economic system. Therefore, business in Slovenia is conducted in a style that tends to concentrate decision making within senior management. In principle, negotiations should not be considered concluded unless confirmed by the general manager or a clearly acknowledged decision maker in the company.

English is the language of business in the Czech Republic, Hungary, the Slovak Republic, and Slovenia. Many businesspeople in regions of each country will also speak German. The use of Russian, though also widely understood, is not encouraged due to the imagery of former Soviet influence that it might unintentionally represent.

Canadian companies should also keep in mind that they may face delays in project development and approval when engaging in joint ventures with local firms. Exporters should ensure that all matters relating to business arrangements are fully agreed upon by all parties in advance of transactions taking place. Canadian companies are also urged to enlist the services of a lawyer familiar with the market prior to signing any contract.

Canadian exporters should consider purchasing preferences of CEE customers, particularly price, quality, and flexible terms of payment, when marketing their products and services in the region. An acceptable means of delivering quality after-sales service should also be discussed.

When conducting business long distance, remember that telecommunications standards in CEECs are frequently below those found in Canada. Follow up all letter or fax correspondences to ensure contact with the intended recipients, and note that to successfully conclude a fax transmission or telephone call, repeated efforts may be required.

Import Regulations

Canadian exporters wishing to obtain information concerning current applied tariff rates for specific products or information regarding import regulations, further to what is contained in this section, should contact the Tariff and Market Access Division (EAT) at the Department of Foreign Affairs and International Trade.

Documentation

Import Permit: The respective ministries of Foreign Trade are responsible for the issuance of import permits to those seeking to import selected goods into the Czech Republic, Hungary, the Slovak Republic, and Slovenia. Many products and services are exempt from obtaining a permit, and for some obtaining a permit is just a formality. However, exporters should investigate further to discover whether

their product will require a permit, and how long it will take to receive it.

Commercial Invoice: The invoice should be prepared by the manufacturer or the seller in the country of origin, and should provide the following: full address of the shipper, the seller, and of the consignee; import permit number and other reference numbers; date of order; shipping date; delivery and payment terms; and a complete description of the merchandise and markings.

Pro-forma Invoice: This invoice is required to apply for an import permit, and the original should be notarized. It must include a full description of goods, including:

- name and address of manufacturer or exporter;
- signed verification that product prices are the current export market prices for export to any country;
- if applicable, the name and address of the agent, distributor, representative, or concessionaire in the importing country and a statement of commission due;
- unit price, total cost, freight, insurance, and other charges;
- if applicable, a statement that published catalogues or price lists do not exist for the invoiced products.

Bill of Lading: The bill of lading should be nonnegotiable, numbered, and dated. A copy should be attached to each commercial invoice. The bill must also display the import licence number and expiration date, as well as the freight charges in both numbers and words.

Phytosanitary Certificate: All agricultural vegetable-origin products entering the Czech Republic, Hungary, the Slovak Republic, and Slovenia must be accompanied by a phytosanitary certificate from the country of origin. Testing may be conducted by domestic authorities in the destination country, in order to avoid importation of any infection. Regulations concerning phytosanitary standards are available from the Ministry of Agriculture in each country.

The import of live animals and meat are also highly regulated, with most countries requiring a veterinary licence or other certification of sanitation. In general, Canadian exporters will have to meet EU sanitary and phytosanitary standards in order to be granted import permission.

Special Documentation: Various special documents are required for the importation of specific products into each of the countries. Exporters are encouraged to consult with local agents to ensure that the documentary needs for their products are met.

All documents must accompany the product when it enters customs and must be accurately completed to avoid long delays and/or fines. Frequently, CEECs require all import documents to be prepared in the dominant language of the country, in order to speed processing through customs, although exporters are also welcome to provide English versions as well. Exporters should consult with importers for specific information regarding the proper number of copies of each document are required.

Tariffs and taxes

Czech Republic

The Czech Republic is a member of the World Trade Organization, and has adopted a tariff code with an average tariff rate of approximately 5%. A value-added tax (VAT) is also applied to domestic and foreign goods sold within the country. Generally, the rate is 22%, although a lower VAT of 5% is charged for many food items. Excise taxes are imposed on alcohol produced or imported into the Czech Republic. Additionally, the import duty on beer and wine is about 70%, while spirits are subject to an import duty of nearly 90%.

Eleven free trade zones have been established in several cities throughout the Czech Republic. Unfinished goods exported into a free trade zone are not subject to customs duties or VAT. Duties will

only be applied on the declared value of the goods if they are cleared for free circulation within the Czech Republic.

Hungary

Imported and domestic goods are equally subject to the VAT (also called the "general turnover tax"). The normal rate is 25%, with a reduced rate of 12% applied to most food and agricultural products. The taxable base of the VAT is the sum of the customs value, plus customs duties, fees, and consumption tax.

Taxation on alcohol is set at three different levels. Wine is subject to an excise duty in the price of 12%, while the excise duty for beer and spirits is approximately 70%. Excise taxes may be gradually increased to offset budget imbalances. All three sectors are also subject to a 25% VAT. Some wines will have an additional consumption tax applied, on top of the excise taxes that are levied against alcohol. The current import tax on beverages, which declined to 68% in 1998, will be repealed once Hungary joins the European Union.

All alcoholic products are required to display a sticker to demonstrate that they are the product of a legal, taxpaying source. This regulation is in place in an attempt to decrease the black market liquor trade. Beer containing less than 5% alcohol and wine are exempt from the regulation.

Imports of animal genetics from non-EU countries are subject to an 18% customs duty.

Slovak Republic

Agricultural products are subject to restrictions by the Ministry of Agriculture. As the Slovak Republic has negotiated relatively low duties, the domestic market is protected through the use of customs, non-tariff and licence policies conforming to WTO and International Monetary Fund regulations. Customs duties on wine imports declined to as low as 37.5% in 1999 for containers of up to 2 L. However, the customs duty on wine requiring further processing is over 70%. High import duties on alcohol frequently make imports much more expensive than domestic brands, resulting in a distinct market advantage for domestic brands, or those imported from the Czech Republic under the custom union between the countries.

Much of the new legislation relating to the Slovakia's tax system is undergoing a significant amount of change. Much of the new legislation is based on approaches and practices developed in the European Union and may be familiar to foreign investors. Corporations and individuals are subject to tax on income; value-added tax is levied on commercial transactions, including imports (unless goods and services are exempt, VAT is payable at either six percent or 23 percent); employers and employees are required to make contributions to various social security funds, and; a real estate tax is paid by owners of buildings.

A 12-hectare free trade zone, in Kosice, has plans for expansion and for intensifying its co-operation with Hungary and Ukraine. A second, larger free trade zone is being planned for Bratislava. Although the existing zone is not a significant factor in the Slovak economy, it may be of benefit to Canadian exporters considering establishing operations in the Slovak Republic with the intention of developing trade with the neighbouring countries.

Slovenia

Imports of alcoholic beverages, wines and tobacco products are liable to excise tax. Autonomous customs tariffs, or seasonal tariffs, may be prescribed by the Slovenian government for unprocessed agricultural produce, on condition that the total customs impact does not exceed the obligations adopted in the GATT/WTO framework. Seasonal tariffs are limited to the season of production of the agricultural produce concerned.

Labelling

Laws concerning labelling in each country are strictly applied, and generally require that labels affixed to food products carry relevant information in the country's dominant language, but frequently allow for labels to carry information in English as well. The Czech Republic and Slovenia have harmonized their labelling requirements with the European Union. Exporters can expect Hungary and the Slovak Republic to complete harmonization within the next two years. Labels must include the following elements:

- name of product,
- name/address of producer (or importer),
- net quantity,
- "best before" date (if applicable),
- special storage requirements,
- any special usage requirement that might otherwise endanger the consumer,
- listing of ingredients and/or additives,
- energy content/nutritional value, and
- approval symbols from domestic food hygiene institution.

Local Standards, Certificates or Registrations

In accordance with EU accession requirements, most applicant countries are in the process of harmonizing its standards based on European and international norms. Therefore, the International Standards Organization (ISO) 9000 series of standards are being used increasingly as evidence of high product quality. Until this harmonization is complete, most countries have their own national standards to which imports must adhere.

Hungary

All importers and exporters must file a VAM 91 document, which can be obtained from Hungarian Customs. This document serves as a declaration for the type and number of goods being imported or exported. The completed VAM 91 must carry the Product Code Number, which identifies the classification of the goods. This number may be obtained from the Central Statistical Office.

An importer must have a certification document from the Commercial Quality Control Institute (KERMI) if the imported goods are destined for consumer distribution. Goods will not be cleared by customs without the KERMI permits. KERMI may allow documentation from other Hungarian testing and certification agencies as proof of product quality and safety.

Hungary also possesses two types of standards: national and sectoral. National standards are issued by the Hungarian Standards Organization, and conform to international norms, such as those put forth in the GATT Agreement on Technical Barriers to Trade (Standards Code) and the ISO. Sectoral standards are issued by individual ministries and other government agencies. Food products imported into Hungary must be tested and approved by the National Institute of Food Hygiene and Nutrition (OETI). OETI examines, tests and certifies various food products and additives. An application must be submitted by the domestic manufacturer or importer to the Institute for the necessary analytical, toxicological and efficiency tests. After the tests the product is given a registration number that is to be used on the label of the product. The certificate is only valid for three years and must be renewed to continue distribution of the product.

Import regulations frequently limit or delay imports of breeding animals, semen, and planting seeds. Minimum breeding value limits to import semen are set by the Institute for Agricultural Qualification and the Ministry of Agriculture, and require repeated testing before distribution of the import shipment is permitted.

Slovak Republic

The Slovak Republic's documentation requirements are harmonized with EU standards, and trade documentation is similar to that of EU countries. The Slovak Office of Standards, Metrology, and Testing (OSMT) is responsible for compulsory and voluntary testing of products. Testing is compulsory for food items, and as such, food imports must be accompanied by a certificate indicating conformity with relevant regulations. The OSMT may take into account reports on testing which has been conducted abroad.

Slovenia

The list of technical regulations regarding compulsory certification and information on institutions responsible for certification in Slovenia are available at the Standards and Metrology Institute of the Republic of Slovenia (SMIS).

Products subject to technical regulations that require compulsory certification (e.g.: sanitary and health certificates) must be accompanied by a certificate indicating conformity with the relevant regulation. These certificates are issued on basis of a test report by the SMIS, and by accredited institutions authorized by the competent ministry. If the product has already been tested abroad, the institution which issues Slovenian certificates may take into account test reports.

Authentication of Documents

Documents that need to be authenticated, such as certificates of sale and letters authorizing a local agent or importer to act on the exporter's behalf, must first be notarized in Canada. Exporters can have the notarized documents authenticated, at no cost, by sending them to the Authentication and Service of Documents (JLAC) division at the Department of Foreign Affairs and International Trade.

Export Credit Risks, Restrictions on Letters of Credit, Currency Controls

Various international financial institutions, such as the European Bank for Reconstruction and Development (EBRD), the World Bank, and the International Finance Corporation (IFC), have project financing programs and are involved in the CEECs.

Hungary

Usual payment methods include transfers or cash against delivery. When there is a discount on price, advance payment is preferred. The cost of local financing is high.

Slovak Republic

Most Slovak companies finance purchases through bank loans or from their own sources.

Slovenia

An overall lack of working capital, coupled with the high cost of borrowing, have resulted in a growing problem of suppliers not getting paid. Canadian companies are urged to obtain a confirmed letter of credit before conducting business with a new local partner.

PROMOTIONAL EVENTS

Event/Description		Organizer

UKBA 2000 4-7 March 2001 (Annual) Budapest, Hungary The 11th international trade fair for the confectionery, bakery and gastronomy markets.		Hungexpo Co.Ltd. UKBA Project H-1441 Budapest, Hungary Pf.:44 Tel.: (36-1) 263-6074/5 Fax: (36-1) 263-6435 Contact: Martin Szebeni, Project Director E-mail: foodapest@hungexpo.hu Internet: http://www.ukba.hu/eng_index.html
Food Ingredients Central & Eastern Europe May 9-11, 2000 (Annual) Warsaw, Poland (Location changes annually) The latest trends and innovations found in the central and eastern European food ingredients industry.		Miller Freeman BV PO Box 200 3600 AE Maarssen The Netherlands Tel.: (31-346) 559-444 Fax: (31-346) 573-811 Contact: Ivonne Twigt E-mail: fi@unmf.com Internet: http://www.fi-events.com
Agrokomplex 2000 17-23 August 2000 (Annual) Nitra, Slovak Republic The 27th International trade fair for agriculture and food industry.		AGROKOMPLEX - Výstavníctvo OS 1 (trading group) Výstavná 4 SK-949 01 Nitra, Slovak Republic E-mail: e-mail: agrokomplex@agrokomplex.sk Internet: http://www.agrokomplex.sk/akcie/ax2000_eng/index.htm
ZEME ZIVITELKA 2000 (BREADBASKET) August 24 - 30, 2000 Ceske Budejovice, Czech Republic International agricultural fair.		Vystaviste Ceske Budejovice, a.s. Husova 523, 370 21 Ceske Budejovice, Czech Republic Tel.: (420-38) 771-4911 or (420-38) 771 4207 Fax: (420-38) 771-4263 E-mail: info@vystavistecb.cz
Foodapest 2000 28 November - 1 December 2000 (Biennial) Budapest, Hungary The latest in food, beverages, food technology, services, and information.		Hungexpo Co.Ltd. Foodapest Project H-1441 Budapest, Hungary Pf.:44 Tel.: (36-1) 263-6074/5 Fax: (36-1) 263-6435 Contact: Martin Szebeni, Project Director E-mail: foodapest@hungexpo.hu Internet: http://www.foodapest.hu/index_n_eng.html
International Gastronomic Fairs 6-9 March 2001 Brno, Czech Republic **Salima** - 22nd International Food Fair **Fruvex** - 5th International Fruit and Vegetable Production Fair **Vinex** - 10th International Wine Fair **Ibucop** - 6th International Milling, Bakery, Confectionery and Butchery Fair **Inteco** - 19th International Fair of Equipment for Retail Trade, Hotels and Catering **Pivex** - 10th International Brewing and Malting Fair		BVV - Brno Trade Fairs and Exhibitions Vystaviste 1, 647 00 Brno, Czech Republic Fax: (420-5) 4115-3067 or (420-5) 4115-3066 E-mail:salima@bvv.cz ibucob@bvv.cz fruvex@bvv.cz pivex@bvv.cz Internet: http://www.bvv.cz
Days of Czech Beer 7-10 March 2001 5-8 March 2002 Brno, Czech Republic Sales and presentation show of Czech breweries.		BVV - Brno Trade Fairs and Exhibitions Vystaviste 1, 647 00 Brno, Czech Republic Fax: (420-5) 4115-3067 or (420-5) 4115-3066 E-mail: salima@bvv.cz ibucob@bvv.cz fruvex@bvv.cz pivex@bvv.cz

		Internet: http://www.bvv.cz

KEY CONTACTS AND SUPPORT SERVICES

Canadian Government Contacts

Agriculture and Agri-Food Canada
International Markets Bureau
930 Carling Ave., 10th Floor
Ottawa, ON K1A 0C5
Contact: Nathalie Vanasse
Tel.: (613) 759-7726
Fax: (613) 759-7506
E-mail: vanassen@em.agr.ca

Canadian Commercial Corporation
Metropolitan Centre
50 O'Connor St., 11th Floor
Ottawa, ON K1A 0S6
Tel.: 1-800-748-8191 or (613) 996-0034
Fax: (613) 995-2121
E-mail: info@ccc.ca
Internet: http://www.ccc.ca

Canadian Embassy in the Czech Republic
(also has responsibility for the Slovak Republic)
Mickiewiczova 6
12533 Prague 6, Czech Republic
Tel.: (420-2) 7210-1800
Fax: (420-2) 7210-1894
Contact: Ilona Boldova
E-mail: ilona.boldova@dfait-maeci.gc.ca
E-mail: prgue@dfait-maeci.gc.ca
Internet: http://www.dfait-maeci.gc.ca/~prague

Canadian Embassy in Hungary
(also has responsibility for Slovenia)
Street Address:
Zugligeti ut 51-53
1121 Budapest, Hungary

Mailing Address:
Budakeszi ut 32
1121 Budapest, Hungary
Tel.: (36-1) 392-3360
Fax: (36-1) 392-3395
Contact: Béla Gyonyor
E-mail: bela.gyonyor@dfait-maeci.gc.ca
E-mail: bpest-td@dfait-maeci.gc.ca

Canadian Food Inspection Agency (CFIA)
59 Camelot Dr.
Nepean, ON K1A 0Y9
Tel.: (613) 225-2342
Fax: (613) 228-6653
E-mail: cfiamaster@em.agr.ca
Internet: http://www.cfia-acia.agr.ca

Department of Foreign Affairs and International Trade (DFAIT)
125 Sussex Dr.
Ottawa, ON K1A 0G2
Internet: http://www.dfait-maeci.gc.ca

Authentication and Service of Documents (JLAC)
Tel.: (613) 992-6602
Fax: (613) 992-2467

Baltic, Central European and EFTA Countries
Division (REC)
Tel.: (613) 992-1449
Fax: (613) 995-8756
Contact: Pierre Boucley
E-mail: pierre.boucley@dfait-maeci.gc.ca

European Business Development Section (RENB)
Tel.: (613) 996-3298
Fax: (613) 944-1008

Market Support Division (TCM)
Contact: Robert Lazariuk
Tel.: (613) 995-1773
Fax: (613) 943-1103
E-mail: robert.lazariuk@dfait-maeci.gc.ca

Tariffs and Market Access Division (EAT)
Tel.: (613) 992-2177
Fax: (613) 992-6002 or (613) 944-4840

Export Development Corporation (EDC)
151 O'Connor St.
Ottawa, ON K1A 1K3
Tel.: 1-800-850-9626 or (613) 598-2500
Fax: (613) 598-6697
E-mail: export@edc4.edc.ca
Internet: http://www.edc.ca

Agriculture and Agri-Food Canada

The Agri-Food Trade Service regional contacts are as follows:

Al McIsaac
St. John's, Nfld.
Tel.: (709) 772-0330
E-mail: mcisaaca@em.agr.ca

Chris Pharo
Charlottetown, P.E.I.
Tel.: (902) 566-7310
E-mail: pharoc@em.agr.ca

Fay Abizadeh
Winnipeg, Man.
Tel.: (204) 983-8622
E-mail: abizadehf@em.agr.ca

Jim Hannah
New Westminster, B.C.
Tel.: (604) 666-779
E-mail: hannahj@em.agr.ca

Shelley Manning
Halifax, N.S.
Tel.: (902) 426-2137
E-mail: mannings@em.agr.ca

Bernard Gravel
Montreal, Que.
Tel.: (514) 283-3815 (ext.506)
E-mail: gravelb@em.agr.ca

Roy Gordon
Regina, Sask.
Tel.: (306) 780-7134
E-mail: gordonr@em.agr.ca

Bernard Mallet
Fredericton, N.B.
Tel.: (506) 452-3732
E-mail: malletb@em.agr.ca

Bill Robinson
Guelph, Ont.
Tel.: (519) 837-5822
E-mail: robinsonb@em.agr.ca

Colin J. Campbell
Edmonton, Alta.
Tel.: (780) 495-4186
E-mail: campbellc@em.agr.ca

Business and Trade Associations

Alliance of Manufacturers & Exporters Canada
75 International Blvd., 4th Floor
Toronto, ON M9W 6L9
Tel.: (416) 798-8000 or (613) 563-9218
Fax: (416) 798-8050
E-mail: national@the-alliance.com
Internet: http://www.the-alliance.com

Canadian Chamber of Commerce in Hungary
H-1061 Budapest, Andrassy ut 2. (II./5)
Phone: 011-361-312-3551
Fax: 011-361-312-3556
E-mail: ccch@webreklam.hu

Canada-Czech Republic Chamber of Commerce (CCRC)
740 Spadina Ave.
Toronto, ON M5S 2J2
Tel.: (416) 929-3432
Fax: (416) 925-1940
E-mail: trade@ccrcc.net
Internet: http://www.ccrcc.net/ccindex.html

Note: officially affiliated with Czech North American Chamber of Commerce.

Canadian Slovenian Chamber of Commerce
725 Brown's Line
Toronto, ON M8W 3V7
Tel.: (416) 251-8456

Czech North American Chamber of Commerce (CNACC)
Note: North American operations are based in Atlanta, Georgia

In Brno
Tranza a.s., Czech Technology Park
List Building, Technicka 23
616 00 Brno, Czech Republic
Tel.: (420-5) 414 251 10
E-mail cnaccbrno@tranza.cz

In Prague
Na Zlichove 21
152 00 Praha 5, Czech Republic
Tel./Fax: (420-2) 541 298
E-mail: zikmunda@ceso.anet.cz

Hungarian-Canadian Chamber of Commerce
747 St. Clair Avenue West
Toronto, ON M6C 4A4
Tel.: (416) 657-0880

Czech Republic Government Contacts

Embassy of the Czech Republic
251 Cooper Street
Ottawa, ON K2P 0G2
Tel: (613) 562-3875
Fax: (613) 562-3878
Email: ottawa@embassy.mzv.cz

Consulate of the Czech Republic - *Calgary*
2800, 801-6 Avenue South West
Calgary, AB T2P 4A3
Tel: (403) 267-8432
Fax: (403) 264-9400
Email: 1pesta@cadvision.com

Consulate of the Czech Republic - *Montreal*
1305 Pine Avenue West
Montreal, QC H3G 1B2
Tel: (514) 849-4495
Fax: (514) 849-4117
Email: montreal@embassy.mzv.cz
Commercial Section:
Tel: (514) 844-5511
Fax: (514) 844-1894

Ministry of Agriculture of the Czech Republic
Tišnov 17
117 05 Praha 1, Czech Republic
Tel.: (02) 2181-1111
Fax: (02) 2481-0478
Internet: http://www.mze.cz

Consulate of the Czech Republic - *Vancouver*
2100 - 1111 West Georgia Street
PS Box 48800
Vancouver, BC V7X 1K9
Tel: (604) 661-7530
Fax: (604) 688-0829

Czech Agricultural and Food Inspection (CAFI)
(Regional Inspectorate)
Jindicha Plachty 16
151 18 Praha - Smichov, Czech Republic
Contact: Jitka Fivebrová
Tel.: (420-2) 5732-1254
Fax: (420-2) 543-289
Internet: http://www.czpi.cz

Czech Ministry of Industry and Trade
Foreign Relations Section
Politickych veznu 20
112 49 Praha 1, Czech Republic
Tel.: (420-2) 2405-1111
Internet: http://www.mpo.cz

State Veterinary Administration
Foreign Section
Tišnov 17
117 05 Praha 1, Czech Republic
Tel.: (420-2) 2181-2570
Fax: (420-2) 2181-2974

Hungary Government Contacts

Embassy of the Republic of Hungary
299 Waverley Street
Ottawa, ON K2P 0V9
Tel: (613) 230-2717
Fax: (613) 230-7560
Internet: http://www.DocuWeb.ca/Hungary

Ministry of Agriculture and Regional Development
Kossuth Lajos ter 11
H-1055 Budapest, Hungary
Internet: http://www.fvm.hu

Honorary Consulate General for Hungary - *Calgary*
1359-69 Street South West, Suite 27
Calgary, AB T3H 3W8
Tel: (403) 252-4502 or (403) 258-0052
Fax: (403) 262-8343

Consulate General of Hungary - *Montreal*
1200 McGill College Avenue, Apartment 2040
Montreal, QC H3B 4G7
Tel: (514) 393-1048
Fax: (514) 393-8226

Honorary Vice Consul of Hungary - *Vancouver*
1039 Richards St., Suite 201
Vancouver, BC
Tel: (604) 681-5936
Fax: (604) 681-5930

Hungarian Central Statistical Office
H-1024 Budapest
II. Keleti Károly u.
Budapest, Hungary

Mailing address:
1525 Budapest Pf. 51.
Budapest, Hungary
Tel.: (36-1) 345-6000
Fax: (36-1) 345-6378

Consulate General of Hungary - *Toronto*
121 Bloor Street East, Suite 1115
Toronto, ON M4W 3M5
Tel: (416) 923-8981/0878
Fax: (416) 923-2732

Trade Section:
121 Bloor Street East, Suite 1110
Toronto, ON M4W 3M5
Tel: (416) 923-3596
Fax: (416) 923-2097

National Institute of Food Hygiene and Nutrition (OETI)
Gyali ut 3/A
PO Box 52
H-1476 Budapest, Hungary
Tel.: (361) 215-4130
Fax: (361) 215-1545

Honorary Consulate General of Hungary - *Vancouver*
1770 West 7th Avenue, , Suite 305
Vancouver, BC V6J 4Y6
Tel: (604) 730-7321/7332
Fax: (604) 730-7339

State Forest Service
H-1054 Budapest
Széchenyi u. 14.

Mailing Address:
H-1355 Budapest
Pf. 10
Contact: Mr Péter Csóka, General Director
Tel.: (361) 3743-203
Fax: (361) 3743-207
E-mail:csoka.peter@aesz.hu

Slovak Republic Government Contacts

Embassy of the Slovak Republic
50 Rideau Terrace
Ottawa, ON K1M 2A1
Tel: (613) 749-4442
Fax: 613) 749-4989
Email: slovakemb@sprint.ca

Trade and Economic Section:
Tel: (613) 748-1773
Fax: (613) 748-0699
Email: slovaktrade@comnet.ca

Consulate of the Slovak Republic - *Calgary*
208 Scenic Glen Place North West
Calgary, AB T3L 1K3
Tel: (403) 239-3543

Consulate of the Slovak Republic - *Montreal*
36 Paddington Street, Dollard-Des-Ormeaux
Montreal, QC H9G 2S4
Tel: (514) 626-9779
Fax: (514) 626-9779

Consulate of the Slovak Republic - *Toronto*
1280 Finch Avenue West, Suite 407
Toronto, ON M3J 3K6
Tel: (416) 665-1499
Fax: (416) 665-7488

Consulate of the Slovak Republic - *Vancouver*
247 Abbot Street, 2nd Floor
Vancouver, BC V6B 2K7
Tel: (604) 682-0991
Fax: (604) 904-0301
Email: lisiak@lightspeed.bc.ca

Consulate of the Slovak Republic - *Winnipeg*
99 Grace Street
Winnipeg, MB R3B 0E4
Tel: (204) 947-1728
Fax: (204) 947-1728

Office of Standards, Metrology, and Testing (OSMT)
Štefanovièova 3, P.O.Box 76
810 05 Bratislava, Slovak Republic
Tel.: (421-7) 5249-6847 or (421-7) 52498 030
Fax: (421-7) 5249-1050
Internet: http://www.normoff.gov.sk/unms_uk/

Slovak Ministry of Agriculture
Dobrovicova 12
812 66 Bratislava
Slovak Republic
Tel.: (421-7) 5926-6111
Fax: (421-7) 5926-6294
E-mail: jenezova@mpsr.sanet.sk

Slovenia Government Contacts

Embassy of the Republic of Slovenia
150 Metcalfe Street Suite 2101
Ottawa, ON K2P 1P1
Tel: (613) 565-5781/5782
Fax: (613) 565-5783

Consulate of Slovenia - *Moncton*
The Record House 93 Victoria Street
Moncton, NB E1C 1P6
Tel: (506) 861-0300
Fax: (506) 857-8157

Consulate of Slovenia - *Toronto*
4300 Village Centre Court
Toronto, ON L4Z 1S2
Tel: (905) 804-9310
Fax: (905) 804-9313

Consulate of Slovenia - *Vancouver*
3758 Quesnel Drive
Vancouver, BC V6L 2W8
Tel: (604) 733-0292

Industry Contacts: Czech Republic

Czech Agrarian Chamber
Stepanska 63
112 10 Praha 1
Czech Republic
Tel.: (420-2) 2421-5946
Fax: (420-2) 2421-5944

GenSemex a.s.
Obrachtova 392
250 01 Brandys nad
Labem , Czech Republic
Tel./Fax: (420) 202 812 842
Internet: gensemex@iol.cz

Menhardt International Livestock and Overseas Services Inc. (MILOS)
80 Krivel Crescent
Regina, Sk., S4R 5C6
Tel.: (306) 933-5345
Fax: (306) 545-5345

Importers and Wholesalers: Czech Republic

Hopi (importer, wholesaler)
Prazska 673
431 51 klasterec nad Ohri, Czech Republic
Tel.: (420-398) 375-723
Fax: (420-398) 375-095

Lekkerland O.K Foods (importer, wholesaler)
Mirova 489
289 22 Lysa nad Labem - Litol, Czech Republic
Tel.: (420-325) 561-555
Fax: (420-325) 561-087

OK Trading (importer, wholesaler)
Za nadrazim 8
696 81 Bzenec, Czech Republic
Tel.: (420-631) 384-226/7
Fax: (420-631) 384-193

Tesco Stores (also for the Slovak Republic)
Narodni 26
113 89 Praha 1, Czech Republic
Tel.: (420-2) 2200-3418
Fax: (420-2) 2422-9810

Industry Contacts: Hungary

Gene-Pool Ltd. Co.
Mezöhegyesi Mg.
Kombinat
Kozma Ferenc u. 30
5820 Mezöhegyes, Hungary
Tel.: (36-60) 484550
Fax: (36-68) 467931
E-mail: genbank@mail.datanet.hu
Internet: http://www.genbank.hu

FAGOSZ" (National Forest Federation)
H-1012 Budapest
Kuny Domokos u. 13-15
Contact: Mr Miklós Möcsényi Secretary General
Tel.: (361) 355-6539 or (361) 375-7658
Fax: (361) 202-6449,
E-mail: fagosz@dbassoc.hu,
Internet: www.fagosz.hu

Industry Contacts: Slovak Republic

INSEMAS spol. sr. o.
(Insemination Station)
Halicská cesta c. 28
984 80 Lucenec, Slovak Republic
Tel.: (421-855) 361 954
Fax: (421-855) 321 912
E-mail: insemas@zv.psg.sk
Internet: http://www.insemas.sk (In Slovak only)

Slovak Agricultural and Food Chamber
Krizna 52
821 08 Bratislava
Slovak Republic
Tel.: (421-7) 526-2656
Fax: (421-7) 542-1251

Importers and Wholesalers: Slovak Republic

Tesco Stores (also for the Czech Republic)
Narodni 26
113 89 Praha 1, Czech Republic
Tel.: (420-2) 2200-3418
Fax: (420-2) 2422-9810

BIBLIOGRAPHY

Print

Access Czech Republic Business Bulletin, "Eight Breweries Control the Market," February 29, 2000.

------. "Pig Breeding Needs Extensive Technological Innovation," April 5, 2000.

------. "Soare Fights With Bohemia," March 2, 2000.

AgraFood East Europe, "Hopeful Signs for Pigmeat Industry as Prices Improve," April 1, 2000.

------. "Pig meat Imports Set to Pressurise Domestic Market," April 1, 2000.

BBC Worldwide Monitoring, "Dutch Brewery Increases its Stake in Slovak Beer Market," December 17, 1999.

Bouc, Frantiaek. "EU Tells Czechs, Slovaks to Break Economic Ties," *The Prague Post*, May 31, 2000.

Business Eastern Europe, "Drinks and Brewing in Czech Republic," May 29, 2000.

Czech News Agency, Cheap Imported Wine Takes Up 11% of Czech Market," October 15, 1999.

------. "Consumption of Meat Grows Due to Increased Consumption of Poultry," November 23, 1999.

------. "Czech Rep's Poultry Meat Production to Grow 1.66% This Year," September 27, 1999.

------. "Czech Rep. Sees Steady Growth of Alcohol Consumption - Press," October 5, 1999.

------. "Czechs Deserting Pubs," April 8, 2000.

------. "Heineken Announces Entry Into Gemer Brewery," April 14, 2000.

------. "Households Spend Most on Food, housing, Transport," September 6, 1999.

------. "Independent Microbreweries Make Up One-fifth of Beer Production," May 18, 2000.

------. "Ministry Expects Production of Beef to Drop 6.4% This Year," August 26, 1999.

------. "Numbers of Farm Animals Down Again, Except Horses, Poultry," April 6, 2000.

------. "Production of Czech Gambrinus Beer in Slovakia to End Next Year," December 23, 1999.

------. "Slovak Beer Producers Want Lower Beer Import Quotas," October 20, 1999.

------. "Wine Consumption Rises by 1 Litre to 17 Litres Per Capita in 1999," March 9, 2000.

Datamonitor. *New Opportunities in pet Food 1999 - North America, Asia Pacific and Eastern Europe*, December 1998.

Deutsche Press-Agentur. "E.U. Agrees Farm Trade Liberalisation Moves With Applicants," June 29, 2000.

De Telegraaf. "Heineken Expands in Slovak Republic", December 17, 1999.

Dow Jones International News. "Czechs Seek Protection of Beer Regions from WTO," November 24, 1999.

------. "EU, 9 CEEC Nations to Liberalize Ag Trade as of July 1," June 29, 2000.

------. "SA Breweries Czech Beer Buy Eases Acquisitions Pressure," 7 October 1999.

Ekonomicke Zpravodajstvi. "Kostelecke Uzeniny Will Invest 11 Mil USD During the Next Five Years," May 9, 2000.

------. "The Largest Czech Poultry Fattening Plant is commissioned in Strelice-u-Znojma," September 6, 1999.

Euromonitor. *The Market for Alcoholic Drinks in Eastern Europe*, June 1999.

The Guardian. "Small Beer Czech brewers Battle Foreign Giants," December 8, 1999.

Hospodarske Noviny. "Bilbo to Double Production of its Meat Products," February 29, 2000.

Hungarian News Agency, "1999 Fruit Harvest Smallest of the Decade," June 14, 2000.

------. "Agriculture Ministry Official discusses Development Plans," March 13, 2000.

------. "Hungary Can Export 34.9m Litres of Wine to EU," March 22, 2000.

------. "Hungary's EU Ag Quota Proposals Set," March 9, 2000.

Organisation for Economic Co-operation and Development. *Slovak Republic: Agricultural Trade Policy Reform*, November 26, 1999.

Pravo, "Fight for Sparkling Wine Market Transfers Across to the Czech Republic," March 6, 2000.

The Slovak Spectator, "Capacity of Slovak Breweries Used at 65% in 1999," March 6, 2000.

United States Department of Agriculture (USDA), *Hungary: Exporter Guide*, 16 December 1999.

------. Slovenia: Agricultural Situation: Situation and Outlook, October 27, 1999.

------. *Slovenia: Food and Agricultural Import Regulations and Standards*, June 8, 1999.

------. *Slovenia: Trade Policy Monitoring: European Union Accession Progress*, January 25, 2000.

World News Connection, "Slovak Brewers Seek Protection Against Heineken Dominance," January 18, 2000.

------. "Two Largest Czech Breweries Sold Abroad for $629 Million," October 8, 1999.

Electronic

Canadian Mission to the European Union, Department of Foreign Affairs and International Trade, *Guide to the European Union's Regulatory Requirements Facing Canadian Agri-Food Exports*, October 1999. Downloaded from http://ats.agr.ca/public/htmldocs/e2878.htm on June 23, 2000.

Department of Foreign Affairs and International Trade, *Agricultural Products in the Czech Republic*, March 31, 1998. Downloaded from http://www.dfait-maeci.gc.ca/prague/trade/agri/agri01.htm on June 8, 2000.

Department of Foreign Affairs and International Trade, *Grocery Products in the Czech Republic*, March 31, 1998. Downloaded from http://www.dfait-maeci.gc.ca/prague/trade/groc/groc01.htm on June 8, 2000.

The Dialog Corporation, *TradStat*. Downloaded from http://www.tradstatweb.com, June and July 2000.

Tradeport, "Czech Republic: Trade Regulations and Standards," May 6, 1999. Downloaded from http://tradeport.org/ts/countries/czechrep/regs.htm on May 31, 2000.

OTHER REFERENCE MATERIAL

Print

Czech Republic: Agricultural Situation: Czech Brewery Mergers, United States Department of Agriculture (USDA), April 4, 1999.

Czech Republic: Agricultural Situation: The State of Agriculture Ten Years After 1989, USDA, June 16, 1999.

Czech Republic: Agricultural Trade policy Reform, Organisation for Economic Co-operation and Development (OECD), November 19, 1999.

Czech Republic: Exporter Guide, USDA, November 15, 1999.

Czech Republic: Livestock Situation and Outlook - Revised, USDA, September 30, 1999.

Czech Republic: Trade Policy Monitoring: Status of EU Accession, USDA, March 22, 2000.

Foreign Direct Investment in the Agro-Food Sector in Transition Economies, OECD, March 2, 1998.

Hungary: Trade Policy Monitoring: EU Accession Update, USDA, April 10, 2000.

Impediments to Efficiency in the Agro-Food Chain in Bulgaria, Romania, and Slovenia, OECD, October 30, 1998.

Slovakia: Agricultural Situation: Agricultural Situation Report for Slovakia - 1999, USDA, October 13, 1999.

Slovakia: Agricultural Situation: Ag Trade Friction Between Slovakia and the Czech Republic, USDA, April 4, 1999.

Slovakia: Agricultural Situation: Czech Republic and Slovakia Making Progress in Trade Talks, USDA, July 27, 1999.

Slovenia: Exporting to Certain Retail Chains, USDA, October 13, 1999.

Slovenia: Retail Food Sector Report, USDA, May 9, 2000.

Electronic

Agri-food Country Profile - Hungary, April 1999: http://ats.agr.ca/public/htmldocs/e2536.htm

Canadian Exporters' Guide to Food Labelling & Packaging Requirements of the European Union, Canadian Mission to the European Union, March 2000, http://ats.agr.ca/public/htmldocs/e1429.htm

Guide to the European Union's Regulatory Requirements Facing Canadian Agri-Food Exports, Canadian Mission to the European Union, Department of Foreign Affairs and International Trade, October 1999, http://ats.agr.ca/public/htmldocs/e2878.htm

Useful Internet Sites

Agriculture and Agri-Food Canada: http://www.agr.ca

Agri-Food Trade Service: http://ats.agr.ca

Business Information Services for Newly Independent States: http://www.bisnis.doc.gov

Canada Business Service Centres: http://www.cbsc.org

Central and Eastern Europe Business Information Center (CEEBICnet): http://www.mac.doc.gov/eebic/marketr.htm

Czech Agriculture and Food Inspection: http://www.czpi.cz/en/index-en.html

Czech Statistical Office: http://www.czso.cz/eng/angl.htm

Data on National Legislation, Regulations and Procedures on Government Procurement: http://www.wto.org/wto/govt/natlegs.htm

Department of Foreign Affairs and International Trade: http://www.dfait-maeci.gc.ca

Economic Development Corporation: http://www.edc.ca

ExportSource: http://exportsource.gc.ca

EU Enlargement: http://www.europa.eu.int/comm/enlargement

European Bank for Reconstruction and Development, Country Investment Profiles: http://www.ebrd.com/english/Public/body.htm

Global Infrastructure Projects Database, US International Trade Administration: http://www.foreign-trade.com/usita.htm

Governments on the WWW - Czech Republic: http://www.gksoft.com/govt/en/cz.html

Governments on the WWW - Hungary: http://www.gksoft.com/govt/en/hu.html

Governments on the WWW - Slovakia: http://www.gksoft.com/govt/en/sk.html

Governments on the WWW - Slovenia: http://www.gksoft.com/govt/en/si.html

Hungarian Central Statistical Office: http://www.ksh.hu/eng/homeng.html

InfoExport: http://www.infoexport.gc.ca

Market Access Sectoral and Trade Barriers Database: http://mkaccdb.eu.int/mkdb/mkdb.pl

Ministry of Industry and Trade of the Czech Republic: http://wwwold.mpo.cz/english/mpo_uk.htm

Russian and Eastern European Information Center: http://reenic.utexas.edu/reenic.html

Slovenian Economic Mirror: http://www.sigov.si/zmar/apublici.html

Statistical Office of the Slovak Republic: http://www.statistics.sk/webdata/english/index2_a.htm

Strategis: http://strategis.ic.gc.ca

Tenders Electronic Daily (EU's electronic tendering service): http://ted.eur-op.eu.int/ojs/html/index2.htm

Tradeport: http://www.tradeport.org

Trade Show Central: http://www.tscentral.com

U.S. Department of Agriculture - Foreign Agricultural Service: http://www.fas.usda.gov

Vienna Institute for International Economic Studies: http://www.wiiw.ac.at/index.html

World Bank: http://www.worldbank.org

World wide web virtual library (WWW VL) site on Russia and East Europe: http://www.ucis.pitt.edu/reesweb/rstest.html

WTO Tariff Schedules: http://www.fas.usda.gov/scriptsw/wtopdf/wtopdf_lout.idc

Country-Specific:

The Czech Republic:

http://www.ctknews.com
Czech Happenings, maintained by the Czech News Agency. English language online newspaper that provides news, business reports, travel information and language tutorials. Also has a section on Slovakia.

http://www.cnb.cz/en/index.html
Czech National Bank, includes monthly monetary indicators, statements on the CNB policies, extensive archives, the Board Meetings minutes, and other information.

http://www.czso.cz
Czech Statistical office, statistical information available in Czech, German, English and French.
Statistical Yearbook of the Czech Republic for 1999 is available online.

http://www.tpo.cz
CzechTrade, maintained by Czech Trade Promotion Agency, Ministry of Industry and Trade. Searchable in Czech, German, English and French.

http://www.czech.cz/washington/ekon/ekon_us/ekon_us.htm
Economic and Commercial Office, Czech Embassy in Washington, current and accurate information on Czech economic development. Includes trade directory, business guides and trade show guides.

http://www.mpo.cz/1250reader (English language home page)
Ministry of Industry and Trade for the Czech Republic, includes sections on energy, construction trade and industry.

http://wwwold.mpo.cz/english/p/panorame.htm
Panorama of the Czech Industry, maintained by the Czech Ministry of Industry and Trade, descriptions of Czech industrial sectors.

http://www.pbj.cz
Prague Business Journal, maintained by New World Publishing Inc. Online English language business journal covering the Czech Republic, intended to be "one-stop shop" for business information.

Hungary:

http://www.bbj.hu
Budapest Business Journal, maintained by New World Publishing Inc.. Leading online English language publication about doing business in Hungary. Is a sister publication to *Prague Business Journal*.

http://www.businessweb.hu
BusinessWeb Hungary, maintained by IMS Interactive Marketing Services Ltd. Current business information on Hungary and includes MacroLine, a database of economic indicators.. Registration is required, but is free.

http://www.ksh.hu/eng/homeng.html (English version)
Hungarian Central Statistics Office. Statistical information and publications on Hungary, including *Hungary in Figures*.

http://www.itd.hu/english
Hungarian Investment and Trade Development Agency, Ministry of Industry, Trade and Tourism. Home pages in English, Hungarian and Chinese. Includes information needed for companies interested in doing business in Hungary (written by Arthur Andersen).

http://gm2.interware.hu/english (English version)
Ministry of Economic Affairs. Economic and development information, including industry profiles. In particular, see *Investor's Handbook* (listed under Publications).

http://www.mnb.hu/index-a.htm
National Bank of Hungary. Financial information on Hungary. Check out Publications and Links sections.

Slovak Republic or Slovakia:

http://www.fpzo.sk/indexNNuk.html
Foreign Trade Support Fund. Information on Slovak companies, trade shows and economic information on the Slovak Republic.

http://www.investinslovakia.com/fslovakia.html
Invest in Slovakia, maintained by SNAZIR (Slovak Agency for Foreign Investment), a subsidiary of the Slovak Fund of National Property. Information on investment opportunities and living in Slovakia.

http://www.nbs.sk/INDEXA.HTM (English version)
National Bank of Slovakia.. Has economic and financial information on Slovakia, including macroeconomic indicators and a description of the country's banking sector.

http://www.statistics.sk/webdata/english/index2_a.htm(English version)
Statistical Office of the Slovak Republic. Links to economic indicators and publications covering internal industrial activities.

http://www.government.gov.sk/en_Welcome.shtml (English version)
Slovak Republic Government Office. Links to Slovak government departments.

http://www.economy.gov.sk/angl/angl.htm
Ministry of Economy. Information on Slovak Republic for companies interested in business opportunities, including strategy for country's industrial development into the 21st century.

http://slovakia.net
Slovakia Net, a directory of Slovak companies, searchable by company and/or service.

Slovenia:

http://www.gzs.si/eng/index.htm
Chamber of Commerce and Industry of Slovenia. Site to promote business opportunities and activities in Slovenia. Information on business environment, opportunities and contacts.

http://www.gzs.si/eng/news/sbw/default.htm
Slovenian Business Week. English language online weekly business publication from the Chamber of Commerce and Industry of Slovenia.

http://www.bsi.si/html/eng/index.html
Bank of Slovenia. Economic and financial information on Slovenia.

http://www.sigov.si/cvi-mi-a.html
Slovenian State Institutions on the Web. Links to government departments, ministries and agencies on the Internet.

http://www.sigov.si/zrs/eng/index.html(English version)
Statistical Office of the Republic of Slovenia. Statistical information on Slovenia, including *Slovenia in Figures '99*

http://www.investslovenia.org
Trade and Investment Promotion Office, an agency of the federal government to attract foreign investment into the country. Links to information on taxation, legal framework, production/manufacturing costs and travel information. Has *Investors' Guide*.

http://www.tradepoint.si
Trade Point Slovenia. Part of the United Nations' UNCTAD Trade Point Development Centres. Mission is to facilitate electronic commerce, investment and trading between Slovenia and the rest of the world.

APPENDIX A: CURRENCY CONVERSION CHARTS

Table 2. Currency Conversion Rates for the Canadian dollar, the Czech *koruna* and the U.S. dollar (using average annual rates)

Currencies	1994	1995	1996	1997	1998	1999
Canadian dollar to Czech koruna	21.063	19.3074	19.8954	22.9005	21.7839	23.3254
Czech koruna to Canadian dollar	0.048	0.0518	0.0503	0.0439	0.0463	0.043
Canadian dollar to U.S. dollar	0.7322	0.7289	0.7334	0.7224	0.6747	0.6732
U.S. dollar to Canadian dollar	1.3661	1.3724	1.3635	1.3846	1.4837	1.4857
U.S. dollar to Czech koruna	28.762	26.4938	27.1266	31.7271	32.2294	34.637
Czech koruna to U.S. dollar	0.035	0.0378	0.0369	0.0317	0.0311	0.0289

Source: IDD Information Services, *Tradeline*, January-June 2000.

Table 3. Currency Conversion Rates for the Canadian dollar, the Hungarian *forint* and the U.S. dollar (using average annual rates)

Currencies	1994	1995	1996	1997	1998	1999
Canadian dollar to Hungarian forint	76.8089	90.3872	109.559	134.891	144.598	159.938
Hungarian forint to Canadian dollar	0.013	0.0111	0.009	0.007	0.007	0.006
Canadian dollar to U.S. dollar	0.7322	0.7289	0.7334	0.7224	0.6747	0.6732
U.S. dollar to Canadian dollar	1.3661	1.3724	1.3635	1.3846	1.4837	1.4857
U.S. dollar to Hungarian forint	104.912	123.913	149.359	186.855	214.428	237.489
Hungarian forint to U.S. dollar	0.013	0.0111	0.009	0.007	0.007	0.006

Source: IDD Information Services, *Tradeline*, January-June 2000.

Table 4. Currency Conversion Rates for the Canadian dollar, the Slovak *koruna* and the U.S. dollar (using average annual rates)

Currencies	1994	1995	1996	1997	1998	1999
Canadian dollar to Slovak koruna	N/A	21.6876	22.4534	24.2584	23.7897	27.9172
Slovak koruna to Canadian dollar	N/A	0.0462	0.0446	0.0412	0.0421	0.0359
Canadian dollar to U.S. dollar	0.7322	0.7289	0.7334	0.7224	0.6747	0.6732
U.S. dollar to Canadian dollar	1.3661	1.3724	1.3635	1.3846	1.4837	1.4857
U.S. dollar to Slovak koruna	N/A	29.7137	30.6131	33.5875	35.2702	41.4514
Slovak koruna to U.S. dollar	N/A	0.0337	0.0327	0.0298	0.0284	0.0242

Source: IDD Information Services, *Tradeline*, January-June 2000.

Table 5. Currency Conversion Rates for the Canadian dollar, the Slovene tolar and the U.S. dollar (using average annual rates)

Currencies	1994	1995	1996	1997	1998	1999
Canadian dollar to Slovene tolar	N/A	86.8518	98.9203	115.109	112.222	123.142
Slovene tolar to Canadian dollar	N/A	0.0116	0.0101	0.009	0.009	0.008
Canadian dollar to U.S. dollar	0.7322	0.7289	0.7334	0.7224	0.6747	0.6732
U.S. dollar to Canadian dollar	1.3661	1.3724	1.3635	1.3846	1.4837	1.4857
U.S. dollar to Slovene tolar	N/A	118.974	134.867	159.422	166.194	182.828
Slovene tolar to U.S. dollar	N/A	0.008	0.007	0.006	0.006	0.006

Source: IDD Information Services, *Tradeline*, January-June 2000.

READER EVALUATION

Please help the Team Canada Market Research Centre to produce market reports which meet your information needs by completing this evaluation form and returning it by fax (613) 943-1103. Thank you for your valuable input.

1. How did you obtain a copy of this market report?

☐ InfoCentre FaxLink system ☐ Government worldwide web site
☐ InfoCentre help line ☐ InfoCentre bulletin board system
☐ Local government office ☐ Other: _____

2. How would you describe this market report?

	Strongly agree	Agree	No opinion	Disagree	Strongly disagree
Useful	☐	☐	☐	☐	☐
Complete	☐	☐	☐	☐	☐
Well organized	☐	☐	☐	☐	☐
Well written	☐	☐	☐	☐	☐
Ideal length	☐	☐	☐	☐	☐

3. In what form do you prefer to obtain these reports?

☐ Print ☐ Electronic

4. Based on the information in this report, what specific action(s) does your organization plan to take in this market? Check all that apply.

☐ Seek an agent/distributor ☐ Contact Canadian trade office abroad
☐ Visit the market ☐ Participate in a trade show abroad
☐ Do more research ☐ Nothing
☐ Other: _____

5. What other market reports would be of benefit to your organization? Please identify specific products and countries.

_____

_____

6. Which of the following categories best describes your organization? Check one only.

☐ Processor/manufacturer ☐ Government
☐ Trading house ☐ Student/academia
☐ Export service provider ☐ Consultant
☐ Industry/trade association ☐ Other: _____

7. What were your organization's total sales last year, in Canadian dollars?

☐ Less than 10 million ☐ 10 million to 50 million
☐ More than 50 million ☐ Not applicable

Additional comments/suggestions for improvement:

_____
_____
_____

OPTIONAL — The name of your organization is: _____

_____

1. The trade statistics acquired through TradStat are deduced from a database of 25 countries' trade statistics. These 25 countries do not include central and eastern European countries (CEECs), therefore trade amongst CEEC countries is not reflected in statistics listed in this report, except where otherwise noted. The absence of trade statistics between these countries will remarkably alter the portrayal of competing countries trade levels.

2. All monetary values are in Canadian dollars, unless otherwise stated. The conversion rate to Canadian dollars is based on IDD Information Services, Tradeline, July 2000. Please see Appendix A for currency conversion rates.

3. One hectolitre = 100 litres. Large measurements of beverages are typically stated in hectolitres (hL) in Europe.

4. Poultry figures not included in total, which affects the portrayal of "meat production".

5. For contact information regarding some organizations listed in this report, please refer to **Key Contacts and Support Services.**

6. Please contact the Canadian embassy or consulates in either the Czech Republic or Hungary for further information on government procurement regulations.

Publication Date: 2000-09-01

© Her Majesty the Queen in Right of Canada, 1998